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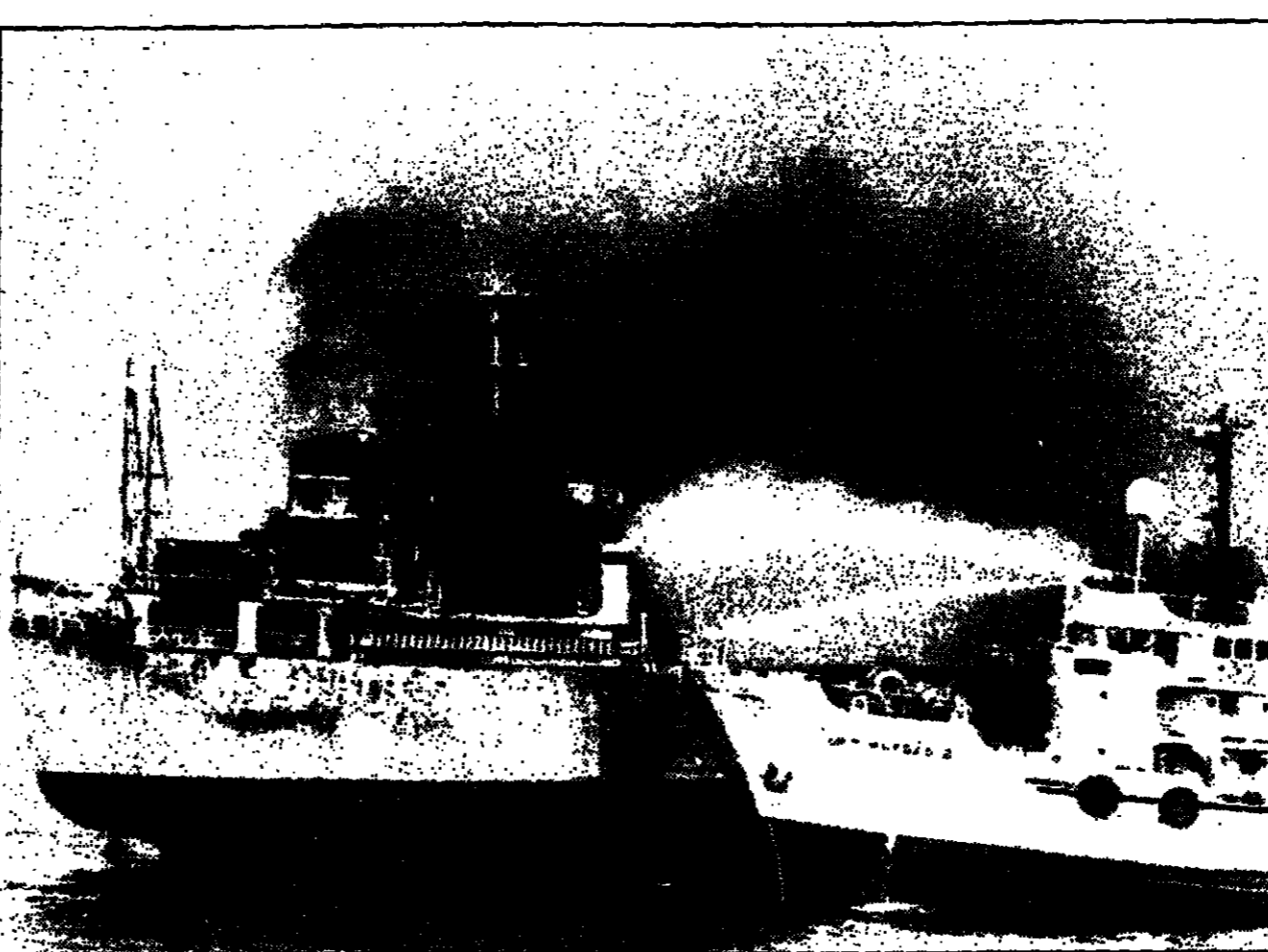
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No. 32,705 16/88 **R PARIS, WEDNESDAY, APRIL 20, 1988 ESTABLISHED 1887

Shultz Carrying No New Arms Plan On Moscow Trip

By R. Jeffrey Smith Washington Post Service WASHINGTON — With little more than a month remaining before the Moscow summit meeting, Secretary of State George P. Shultz will arrive in the Soviet Union on Thursday for a four-day visit with...



A salvage tug spraying water Tuesday on the United Arab Emirates-registered tanker Fal-S, which was attacked by Iranian gunboats.

Iran Says Battle With U.S. Navy Left More Than 44 Casualties

NICOSIA — Iran said Tuesday that it had lost more than 44 men killed or wounded in a naval battle with U.S. warships in the Gulf on Monday. In other developments, Iranian speedboats raided two merchant ships...

Europeans Demand a Mining Halt

By Edward Cody Washington Post Service PARIS — West European nations, expressing concern over the new hostilities in the Gulf, demanded Tuesday a halt to Iran's mining operations and resolved to keep their minesweepers on station in the Gulf to protect neutral shipping.

U.S. Assesses Strengthening Gulf Forces

By John H. Cushman Jr. New York Times Service WASHINGTON — The Reagan administration has begun an assessment of whether to strengthen the U.S. military posture in the Gulf, after the heavy fighting between U.S. and Iranian forces there on Monday, national security officials said Tuesday.

Soviet Jews Protest

About 35 Soviet Jews seeking to draw attention to their demand to emigrate demonstrated peacefully Tuesday in Moscow on the steps of the visa office, the Associated Press reported from Moscow.

4 Japanese Companies Are Penalized by the EC

By Barry James International Herald Tribune The European Community penalized four Japanese typewriter makers on Tuesday in the first action of its kind against so-called "screwdriver plants" that assemble and market products in Europe from parts mostly made somewhere else.

Salute to Slain Commander of the PLO

Relatives of the assassinated military chief of the Palestine Liberation Organization, Khalil al-Wazir, who was known as Abu Jihad, at ceremonies Tuesday in Tunis before his body was flown for burial in Damascus, the home of his parents. The PLO leader, Yasser Arafat, did not join mourners on the flight because of a long-running feud with President Hafez al-Assad of Syria.



Salute to Slain Commander of the PLO. Relatives of the assassinated military chief of the Palestine Liberation Organization, Khalil al-Wazir, who was known as Abu Jihad, at ceremonies Tuesday in Tunis before his body was flown for burial in Damascus, the home of his parents. The PLO leader, Yasser Arafat, did not join mourners on the flight because of a long-running feud with President Hafez al-Assad of Syria.

Kiosk Most Eastern Jets Comply With Rules

WASHINGTON (AP) — Inspectors have examined almost all Eastern Airlines jets and found most complying with safety rules, although 43 planes were taken out of service to correct problems, officials said Tuesday.

General News East Germans are traveling more freely to the West, but a taste of Western life is creating discontent. Page 3.

Business/Finance U.S. housing starts rose a strong 1.9 percent in March, but were weaker than a year earlier. Page 17.

Special Report West Germany's concerns about the East, from reunification to trade to defense, engage policy makers in a delicate balancing act. Pages 9-16.

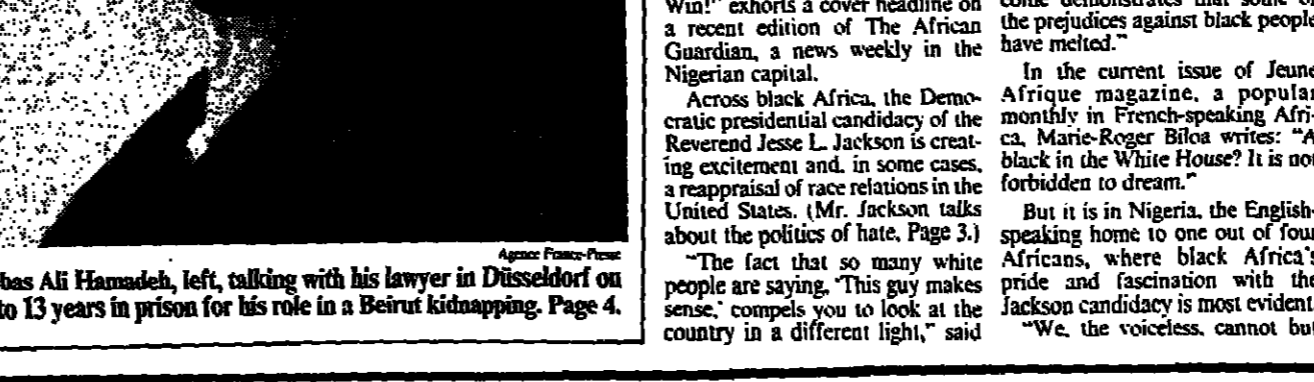
Table with financial data: Dow Jones 1,663.5, Dollar 1.6635, Pound 1.2825, Yen 124.25, FF 5.683.

Africans Applauding Jackson Candidacy

By James Brooke New York Times Service LAGOS — "Win Jackson, Win!" exhorts a cover headline on a recent edition of The African Guardian, a news weekly in the Nigerian capital.

Karachi, Seething With Conflict, May Be Ready to Explode

By Henry Kamm New York Times Service KARACHI, Pakistan — "What problems?" a senior police official asked a visitor who opened a conversation with a reference to the city's difficulties.



A 13-YEAR SENTENCE — Abbas Ali Hamadeh, left, talking with his lawyer in Düsseldorf on Tuesday after he was sentenced to 13 years in prison for his role in a Beirut kidnapping. Page 4.

ARTS / LEISURE

هنا من الأدب

Much Ado, No Point of View

By Sheridan Morley

LONDON — The opening of the main-stage Stratford season does not augur well for the rest of the summer there. A dire and shaly "Much Ado About Nothing" directed by Di Trevis betrays a breathtaking lack of confidence in the intrinsic merits and strength of this admittedly difficult and treacherous comedy.

might be something here worth watching. The production has no real point of view, and that is also often true of its spectators, since a new Stratford thrust stage now effectively blocks sight lines on three sides from the front stalls. There is however an adequate Dogberry from David Waller, and a Beatrice and

THE BRITISH STAGE

Benedick (Maggie Steed and Clive Merrison). It may improve once they all get their act together and join the same play.

The second half of Goethe's "Faust" at the Lyric Hammersmith is almost four hours long (on Saturdays until the middle of May you could try to survive the whole eight-hour marathon) and comes as something of a revelation to these accustomed to the shorter Marlowe version, in which the good doctor duly ends up in hell for having lusted after Helen of Troy.

According to Goethe, he in fact gets rescued by a band of angels at the moment of death, thereby leaving an understandably indignant Mephistopheles wondering why on earth, or even in hell, he has been spending so much time and money conjuring up dead superstars and turning sea into land only to be deprived at the last of his rightful prey.

In Robert David Macdonald's splendid new translation, the Goethe version (ably directed by David Freeman of the Opera Factory, with Simon Callow in the title role getting ever more like Peer Gynt at the end of not dissimilar travels around his own identity) emerges from years of neglect as a huge and mystical epic, full of glancing books and luminous midgets in glass bubbles and fountains that would have gladdened the heart of Ziegfeld.

At the Royal Court, a Howard Brenton season opens with a revival of his 1984 "Bloody Poetry" which I originally cheered for the waspishly witty way it avoided the traps of the usual great-poet stage or screen biographies ("Morning Shelley, how's Byron and has anyone seen Wilkie Wordsworth?") while offering a sharp look at the self-imposed exile of two romantics who set out to change the world and ended by destroying their own families.

Some of the original energy of the first Hampstead production seems to be lacking from Max Stafford-Clark's Chelsea revisit. Though there is still a kind of feminist rage in Shelley's mistress ("All you scribbling poets have in common is that you go to bed with your sisters"), the rest of the new production has gone very soft around the edges. As children expire and wives drown in the Serpentine and wars of liberation are fought while the poets agonize over who gets to sleep with whose mistress, Brenton still seems to be telling us that in the end it was Shelley the idealist who managed to cause far more domestic destruction than Byron the worshipping rake.

Drifting around Italy stewing the landscape with bastards and bills, Byron and Shelley are an impressive double-act, but the performances of Nigel Terry and Mark Rylance are less secure than the originals.



"The Ring": Giants in "Das Rheingold" are immense clowns (left); in second act of "Die Walküre," a traditional theater progressively disintegrates around Wotan.

Wagner's Cosmos as Theatrical Myth

By David Stevens

PARIS — The gods arrive at the beginning of "Das Rheingold" in white, vaguely modern dress, carrying suitcases, holding colorful theatrical robes. The giants are immense clowns surrounded by acrobats, jugglers and other denizens of the circus. Loge climbs out of a prompter's box, and Nibelheim is a vast workshop in the bowels of a theater where artisans of all kinds convert the gold of the Rhine into musical instruments and props.

The Wagnerian cosmos of "Der Ring des Nibelungen" becomes the world of the theater in this production — staged by Daniel Mesguich and designed by Louis Bercout —

shared by the Nice Opera and the Théâtre des Champs-Élysées, in Paris for a total of four cycles. With the veteran Borislov Klobučar drawing firm and even sumptuous sound from his Nice Philharmonic, and with solid if not starchy casting, the musical side of this enterprise has been as satisfying as the rich theatrical imagery.

Mesguich and his team are operating on several levels, allegorically and literally, with symbols and theatrical illusion. Parallels are found between the Nordic myths and the myths of the theater. Wagnerian music drama seems to be sweeping away traditional opera, but this art of the future carries the seeds of its own destruction. If not all the parts fit snugly, that has much to do with the often contradictory complexity of the "Ring" itself. No call for theatrical sleight of hand goes unanswered: Alberich's demonstration of the Tarnhelm's wonders is splendidly pulled off, and with the aid of film the gods' march up distant heights to Valhalla is as lofty as the music that accompanies it.

Wotan seems to be the impresario, metteur-en-scène and leading actor of his wandering troupe. The actors arrive, get into their traditional costumes and march up the Rhine in a ghostly procession while the Rhine maidens in bridal dresses play their games with a business-suited Alberich.

Wotan also is Wagner himself, for when Siegmund tells Siegmund

of the mysterious stranger who appeared at her wedding, Wotan crosses the stage wearing the composer's famous velvet beret. At the beginning of Act 2 of "Die Walküre," Wotan in full theatrical regalia is manipulating the puppets of a miniature theater he keeps under a glass bell, thoroughly absorbed with his own scenario until Fricka dictates a new script and spoils his fun. He doffs his robe and does what he has to do, bringing a rain of spears from the flies down on Siegmund, then with a gesture doing the same to Hunding.

A traditional theater building is half buried in the meadow where the gods gather in "Rheingold," like a great ship about to vanish beneath the waves. Most of "Walküre" is played in front of the progressively disintegrating remains of a traditional Italian theater auditorium, with its red-and-gold decor and boxes for royalty and high society. Hunding is costumed like a respectable 19th-century burgher, and all those people watching from the boxes, outfitted by the same costume department, must be his clan, for they all drop lifeless when Wotan snuffs out Hunding.

Some of the images fall short. The Valkyries' rock is covered with dead "heroes" thrashing around in death spasms while evening-gowned Valkyries observe through opera glasses. Who is this blond movie queen of an Erda who emerges from a spangled, tentlike shelter? Who is this boy who

watches from the sidelines, sometimes reading a book, sometimes joining in the action? The music stands that pop up as Siegmund and Sieglinde launch into their duet are they any more than a slight gag to announce a "number"? What is all the playing with broken swords before Siegmund finds the real thing in the floor?

Despite the overflowing bag of theater tricks, Mesguich knows when to get out of the way of the music. In "Die Walküre," the great Act I duet, the annunciation of death, and above all Wotan's farewell in a recognizably traditional way, and with Klobučar leading a spacious, broadly paced reading, the music ultimately sweeps all before it.

James Johnson's Wotan is imposing in stature and gesture, and his bass-baritone grew in strength and amplitude as the first two dramas progressed. First among the gods, he was first among equals in a well-balanced "Walküre" cast that included Anne Evans's womanly Brünnhilde, Kathryn Harries and Warren Ellisworth as a handsome and moving pair of sibling-lovers (dressed in unisex outfits), and Carol Yahr's righteously indignant Fricka.

"Rheingold" was strengthened by Tom Fox's agile, powerfully sung Alberich and Graham Clark's marvelously entertaining Loge, part magician, part old vaudevilian, called in by impresario Wotan

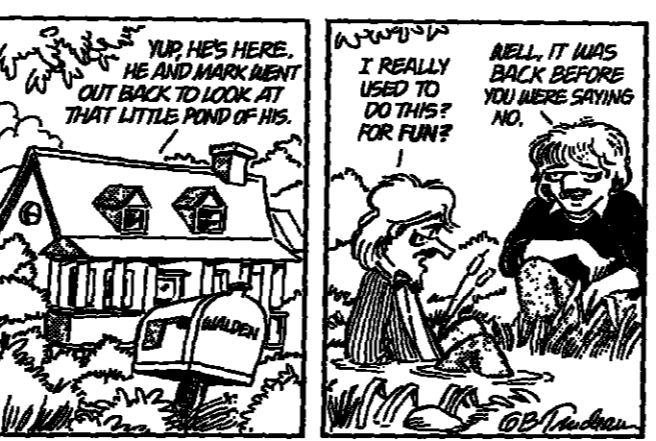
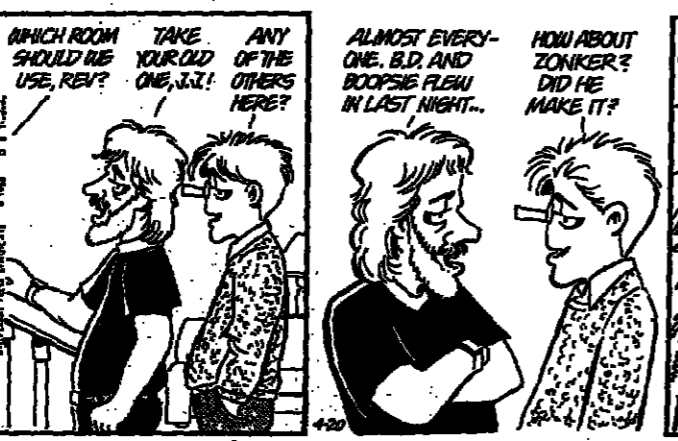
to warm up the crowd with a few tricks. Orrun Wenkel made Erda's sonorous recommendation to Wotan sound (and look) like a word to the wise from an old flame. Harry Peeters (Fasolt) and Gabor Andrássy (Falconer, Hunding) were the solid bases.

The staging of Wagner, and the "Ring" in particular, has survived several epochs, from the composer's own 19th-century naturalism through his grandson Wieland's revolution, myth-centered abstractions. Before the turn of the century George Bernard Shaw had already suggested that top hats, factories and villas were the correct setting for a socialist analysis of mid-19th-century industrial society, and beginning about two decades ago that turned out to be the post-Wieland style.

Just as Wagner appropriated the paraphernalia of Nordic myth for his own purposes, Mesguich has appropriated theatrical myth as another way of looking at Wagner's gigantic allegory. With this staging, and with a new one due at Bayreuth this summer, perhaps another page is about to be turned. The possibilities are probably as infinite as the "Ring" itself, and the lousy clash of cheers and boos that greeted Mesguich after "Die Walküre" shows that the camps of tradition and innovation are still strongly armed.

"Der Ring des Nibelungen," Théâtre des Champs-Élysées, Paris. "Götterdämmerung," April 22, 23.

DOONESBURY



GENERAL NEWS

East German Dilemma: Freer Travel Increases Voyagers' Expectations

By Robert J. McCartney

WASHINGTON POST SERVICE
BONN — The East German government, which is allowing visit numbers of its citizens to visit West Germany, is relieved that they are returning home but faces the prospect that the freer travel policy could be destabilizing by whetting desires for additional liberties.

In the past two years, for the first time since the Berlin Wall was built in 1961, East German citizens below retirement age have been allowed to travel to West Germany and West Berlin for as long as two weeks at a time to visit relatives.

Previously, the East German government forced all citizens, with few exceptions, to wait until they retired before granting them permission to travel to the West. The authorities feared that people would not return after passing beyond the concrete and barbed-wire border barriers and that the society would lose the skilled workers that it needed.

The response to the easing of restrictions has been overwhelming. There have been about 1.7 million visits to the West by persons below retirement age in the past two years, a number that surpasses the combined total of such trips from the preceding 24 years, according to West German government figures.

The government also is allowing more trips to the West by retired persons, and the number of such visits rose 25 percent in 1987 to 2.2 million. It is estimated that about one out of every six or seven East Germans visited West Germany or West Berlin last year.

The much-feared "brain drain" has not occurred. More than 99.5 percent of the visitors have returned to East Germany, according to the Bonn and East Berlin governments.

But that does not mean that East Germans necessarily are enthusiastic about communism at home or disappointed by the West. A traveler below retirement age normally must leave behind a spouse, child or other close relative as collateral to ensure his return.

Moreover, the new policy apparently has failed to achieve what Western analysts believe was a top objective: to satisfy East Germans' desire for travel and, thus, to reduce the number of people who apply to leave the country permanently.

Instead, by giving large numbers of East Germans a taste of life in the West, the new policy has raised expectations at home and thereby encouraged discontent to some degree, according to government and private specialists in West Germany. They also believe that many people have applied to emigrate after returning from their visits.

"The increased travel has had a mixed effect," said Wilhelm Bruns, head of the Department of Foreign Policy and East German Research at the Friedrich Ebert Foundation in Bonn. "It has provided a vent to release dissatisfaction in East Germany. But it leads people to want more, to ask for more."

In this way, the easing of travel restrictions may have contributed to a rise in public protests in East Germany since last summer, according to Western analysts.

The original policy shift, adopted in February 1986 but never formally announced, is the most significant relaxation of curbs on East German travel since the government decided in 1964 to permit retired persons to come and go relatively freely. It is widely believed that the government secretly hopes that retired persons will leave East Germany permanently because then East Berlin would be relieved of the burden of paying their pensions and health care.

The shift in travel policy has been hailed in West Germany as a major contribution to relieving the pain of Germany's four decades of division. About half of the 17 million citizens of East Germany are believed to have relatives in the West.

The change in policy has been accomplished by what amounts to a bureaucratic trick. In theory, East Germans below retirement age, which is 65 for men and 60 for women, always had been allowed to visit West Germany and West Berlin on "urgent family business." Up until two years ago, however, it was very difficult to persuade the authorities of the "urgency" of such business. Today, it is much easier.

Previously, for example, an East German could visit the West only to see a close relative such as a parent or grandparent. Now, a cousin or even a close friend will do.

An East German citizen still needs to satisfy many bureaucratic regulations to travel to the West.

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Subscription form for International Herald Tribune with a table of rates for various countries and currencies.

Advertisement for the official "Membership Directory and Yearbook of the American Chamber of Commerce in Germany 1988" lists several thousand member companies and their management personnel alphabetically, by cross reference, and by CIS code. It gives valuable information on the internationally oriented German business community from Berlin to Düsseldorf, from Hamburg to München.

Vertical sidebar containing various advertisements and notices, including 'Top Mining', 'Zir's Burial', 'Comment From', 'Criticism in Israel', 'OFFICE SERVICES', 'WHY RENT', 'EUROPE', 'AMSTERDAM', 'LONDON', 'PARIS', 'ROME', 'MILAN', 'NORTH AMERICA', 'ADVISORS', 'YOUR OFFICE', 'YOUR INVESTMENT', 'YOUR NEW HOME', 'YOUR BUSINESS', 'YOUR TRAVEL', 'YOUR AUTO', 'YOUR LIFE'.

OPINION

But What Kind of Cabinet Would the Candidate Pick?

By A. M. Rosenthal

NEW YORK — Strange people, ignored on Iran-contra and even being cut off from information. Henry Kissinger and Cyrus Vance might have decided...

ON MY MIND

has shown that the president of the United States can be no more efficient than the talents and experience of his senior officials allow.

The impact of the top people in government goes far beyond management duties, of course. The appointment, for instance, of an attorney general with deep knowledge of the law and a profound sense of American ethics can inspire the entire legal system and give moral purpose to the whole government.

WHAT strikes me about the Larry Speakes affair is not that those banalities that President Reagan was said to have uttered to Mikhail Gorbachev were fabrications. What strikes me is the president's seeming indifference to what Mr. Speakes had done, and what it says about presidentiality: the necessary ability to impose discipline, to inspire loyalty, to recruit honorable and trustworthy aides and subordinates and to instruct them, if need be, on the commands of public service.

Philip Geyelin, The Washington Post



Taxes Used to Be Easy

By Jack Smith

LOS ANGELES — Hal Thornton has sent me a document that ranks with a recording of Glenn Miller's "Little Brown Jug" as an evocation of a simpler time: a copy of his 1941 tax return.

MEANWHILE \$2,316.69 that year, and had \$50 in additional income. "To a yuppie it must appear as the wages of a peon in a Third World country," he says. "Actually, for 1941 in Fairbanks, Alaska, I held an enviable job. I was newly married and there was no need for my wife to work."

LETTERS TO THE EDITOR

In the Spirit of 'Salaam'

Regarding "I Don't Think We Can Coexist" (Opinion, April 6): I read this article with much regret, for several reasons. Having Jews is not an Islamic tradition or teaching, and no greater proof of this exists, I think, than the flourishing of many great Jewish minds under Islamic political systems.

Abolhassan Bani-Sadr, a man of the past, bears responsibility for the destruction of Iran.

MENDI BAHADORI, Paris.

A Right to Choose?

Regarding the editorial "A Safe Abortion Drug" (March 30): The Washington Post claims that polls show that a large majority of Americans favor the right to choose abortion.

Europe Has Its Hang-Ups

Frederick Sand's letter (April 12) responding to the article "Here's a Fresh U.S. Hang-Up" (March 30) was right on target. European telephone techniques are frustrating.

AN Anti-Hijacking Strategy

A more strenuous response to airplane hijackings is needed to prevent future terrorists from considering this method. To have commandos storm an airplane can be dangerous. Hijackers generally ask for supplies on their stops — food, fuel, water. Airport personnel could inject nonlethal, incapacitating gases into the airplane's air conditioning system.

Profit and the Killer Whale

Regarding "What's Up With the Killer Whales of San Diego?" (April 5): The recent events at the Sea World marine park in San Diego — where two normally harmless whales recently attacked their trainers — are a classic example of a clash between a corporate, cost-maximizing mentality and the reality of sensitive relationships between species.

Bani-Sadr and the Imam

I disagree with some of Yousef M. Ibrahim's comments about Abolhassan Bani-Sadr in "Iran Revolutionary's Cold Days in Paris" (April 2-3). Mr. Ibrahim describes Mr. Bani-Sadr as an opponent of the present regime in Iran.

GENERAL NEWS

Singapore Rearrests 8 Political Activists

By Keith B. Richburg Washington Post Service MANILA — The government of Singapore on Tuesday rearrested eight political activists and church workers after they published an open letter complaining of police torture and intimidation while in jail last year.

human rights record, including a session with a dozen American congressmen. One Western diplomatic analyst in Singapore, interviewed by telephone, suggested that Mr. Lee may have ordered the new arrests partly as a way of showing he would not bow to the U.S. criticisms.

Several analysts have suggested that the government has used the act to stifle dissent in advance of elections expected this year. The case of the dissidents began in May 1981, when Singapore rounded up 22 community workers, lawyers, members of a drama group, and Catholic church workers and accused them of being involved in a communist conspiracy.

and said they were writing to counter the "constant barrage of government taunts" and the "bold and untruthful statements" being made about them by the government. The nine dissidents said that while in jail last year, they were beaten on the face and other parts of their bodies, forced to stand for up to 20 hours in freezing cold rooms, and prohibited from sleeping for up to 70 hours at a time.

Japan Lacks Evidence on Naples Blast

TOKYO — The Japanese police said Tuesday they lacked evidence that the Japanese Red Army extremist group was behind a bombing that killed five persons at a club for U.S. servicemen in Italy on Thursday.

Pretoria Details War Role in Angola

By John D. Battersby New York Times Service JOHANNESBURG — Breaking a long silence on the nature and extent of its military involvement in Angola, the South African Defense Force has given the first detailed account of fighting 200 miles (325 kilometers) inside Angola.

towns of Maving and Cuito Cuanavale in the southeastern province of Cuanda Cubango. Pretoria first acknowledged that it had entered the Angolan civil war in support of Jonas Savimbi's rebels in October. But since then it has maintained an almost total silence on the conduct of the war, releasing only statistics of losses involving white soldiers, mainly teen-age conscripts, in the fighting against Cuban-backed Angolan troops.

tions vacated by South African troops. But General Geldenhuys made no reference to the statement by President Pieter W. Botha in an interview on March 8 that South African troops would not withdraw from Angola until the 37,000 Cuban mercenaries had begun leaving Angola.



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NYSE Most Actives table with columns for stock symbols, volume, high, low, and change.

Market Sales table showing volume and price for various market segments.

NYSE Index table showing composite index, industrial, and financial indices.

Tuesday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table listing stock transactions on the American Stock Exchange.

NASDAQ Index table showing composite index, industrial, and financial indices for NASDAQ.

AMEX Most Actives table showing top trading stocks on the American Stock Exchange.

Dow Jones Bond Averages table showing yields and prices for various bond categories.

NYSE Diary table listing specific stock transactions and prices.

Odd-Lot Trading In N.Y. table showing odd-lot trading statistics.

Dow Jones Averages table showing the main Dow Jones Industrial Average and related indices.

Standard & Poor's Index table showing the S&P 500 index and other market indicators.

NASDAQ Diary table listing stock transactions on the National Association of Securities Dealers Market.

AMEX Stock Index table showing the American Stock Exchange index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices and market data, columns include 12 Month High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, and Close.

NYSE Mixed After Late Sales

NEW YORK — Prices on the New York Stock Exchange closed mixed Tuesday in moderate trading, after a rally fueled by strong corporate earnings fizzled. On the six-month anniversary of the Oct. 19 price collapse, the Dow Jones industrial average fell 8.62 points to close at 1,999.50. It had lost 81 points on Monday. The Dow had been ahead more than 32 points in early afternoon trading and still showed a 17-point gain with less than 30 minutes to the close. Advances, however, managed to edge declines by about an 8-7 ratio on volume of 161.91 million shares, up from 144.65 million on Monday. "The market tried to part company with the bond market and it just didn't work," said Jon Groveman, head of equity trading at Ladenburg, Thalmann & Co. "Bonds closed on a weak note and continued to sell off." Stocks followed. Mr. Groveman said the market's early advance was tied to a firmer dollar, signs of some actual improvement in bonds and favorable corporate earnings. "Today was an earnings celebration that fizzled," Mr. Groveman said. Broad market indexes also lost early gains. The NYSE composite index fell 0.60 point to 146.17, while Standard & Poor's 500-stock index fell 1.29 points to 257.92. The price of an average share lost 13 cents. Hugh Johnson, head of the investment policy committee at First Albany Corp., said the market suffered from a low level of conviction and many investors, large and small, remained sidelined by a "nagging concern over volatility." "They know the rug can be pulled out again," Mr. Johnson said. "And that shows up in the relatively light volume, which indicates a lack of conviction." Mr. Johnson, noting the six-month anniversary of Dow's record 508-point drop, said: "We are not at the lows of October, but we're not far away from the lows." "Yes, we have come a long way in six months, but confidence clearly has not been restored. The events of October signaled that there are problems, and those problems persist today. Even though we don't have the dramatics of October, the memories are still fresh. It's as though it happened yesterday." Pacificorp ex-dividend was the most NYSE active issue, up 1/4 to 33 1/2. Inco Ltd. followed, down 1/2 to 28 1/2 while Citicorp was third, off 1/4 to 19. AT&T was ahead 1/4 to 26 1/2 and IBM was off 1/4 to 113 1/2. Among other technology issues, Digital Equipment was up 1/4 to 10 1/4, Cray Research was ahead 1/4 to 80 1/4 and Texas Instruments rose 1/4 to 50. Merck, one of the 30 Dow stocks, gained 1/4 to 158. The company reported first-quarter earnings of \$2.06 a share, up from \$1.47 a share last year. Among the other blue chips, General Electric was unchanged at 39 1/2, American Express was down 1/4 to 24 1/4, Eastman Kodak was up 1/4 to 40 1/4, Procter & Gamble fell 1/4 to 77 1/4 and USX was off 1 to 31 1/4.

Table of stock prices and market data, columns include 12 Month High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, and Close.

BULLETIN TO ALL AMERICANS LIVING ABROAD

Your Voice is Your Vote! As an American living abroad, you represent the values of the greatest democracy in the world. The foundation of the democratic system is the vote. Don't give up your right to vote just because you're currently living abroad. Stay active by voting this election year. For more information regarding Voting Rights, Registration, Candidates and issues contact: Republicans Abroad 310 First Street, S.E. Washington, D.C. 20003 U.S.A. Democrats Abroad # 53 Ave. des Pages 78110 Le Vesinet France

Table of stock prices and market data, columns include 12 Month High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, and Close.

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(Continued on Page 15)

مكاتبنا في القاهرة

West Germany: Looking East

IN THE NEWS

Jan. 18: Soviet Minister Arrives in West Germany

The Soviet foreign minister, Eduard A. Shevardnadze, arrives in West Germany for a two-day visit highlighting improvements in East-West relations.

Jan. 22: Bonn, Paris Form Defense Council

West Germany and France set up a Council on Defense and Security for regular consultations on their growing military cooperation.

Feb. 20: Kohl, Reagan Meet

Chancellor Helmut Kohl holds talks with President Ronald Reagan in Washington in advance of the NATO summit in Brussels.



Helmut Kohl

March 13: Kohl, Gorbachev Announce Summit Plans

Chancellor Helmut Kohl announces that he will visit Moscow late this year while Mikhail S. Gorbachev, the Soviet leader, announces he will go to Bonn in the first half of next year.

March 20: CDU Retains Majority in State Vote

Chancellor Helmut Kohl's Christian Democratic Union retains a majority in Baden-Württemberg's state elections.

Kohl Directs a Policy 'Balancing Act'

People are talking more openly than ever before about the fact that German reunification is out of reach for the foreseeable future.

By Henry Tanner

BERLIN — The two Germans reached an agreement late last month to exchange 18 tiny patches of uninhabited territory on the dividing line between West and East Berlin. In all, the East Germans gave up 234 acres, 29 more than the West Germans. The negotiations lasted four years.

No economic or military interests were touched, but local traffic was improved. In one place, a sidewalk was reunited with the street from which it had been separated by the boundary.

The swap reflected the excruciating slowness at which relations between the two states are evolving. It also showed, again, that even the tiniest change has far-reaching implications. It was seized upon by Tages-Spiegel, West Berlin's most respected daily, to point to the "fundamental dilemma" that the Bonn government faces in dealing with East Germany: Instead of moving toward German unity, "we are settling down as perfectly as possible in the division" between the two German states, the paper wrote in a front-page editorial.

West German politicians and newspapers have been talking more openly than ever before about the fact that German reunification is out of reach for the foreseeable future and that it will come about, if ever, only as part of an overall East-West settlement rather than through any action by the Germans themselves.

To live with this knowledge while at the same time promoting better relations with the East German regime and easing the life of the citizens in "the other Germany," is one of the main concerns of the center-right coalition government of Chancellor Helmut Kohl.

Other preoccupations are: to conduct an active policy with Eastern Europe and the Soviet Union while at the same time refraining from anything that might upset the country's Western allies; to adapt to the thawing of tensions between the Soviet Union and the United States and to adjust military policies to the new vulnerability that comes with nuclear disarmament.

All this is "a balancing act," in the words of one official. Foreign Minister Hans-Dietrich Genscher, more consistently than any other ranking Western leader, has been insisting that the West must respond positively wherever possible to the initiatives of Mikhail S. Gorbachev. Mr. Kohl, more cautious and conservative by temperament, is placing greater emphasis on the need to stay close to Washington.

In the economic field, the most pressing concern is to reverse the worrying loss of competitiveness of German industry and to start launching the social and economic changes that the country must make to remain Europe's foremost industrial power. Members of the business community and leading editors are saying that the politicians in power are not sufficiently alive to this problem.

The much postponed visit to West Germany of Erich Honecker, the East German leader, did not bring the historic changes in the German-German relationship that some had hoped for and others had feared. But West German recognition of East Germany as a separate state became more explicit.

"It was handled by both sides as a highly professional state-to-state encounter — there were no false moves," a West German official said.

Internationally, he said, the visit destroyed, or should have destroyed, whatever fears the French and others may have had about the two German states engaging in "secret diplomacy" behind the backs of their



David Sear

respective allies. It became quite clear that "we are not whispering into each others' ears or dreaming joint nationalistic dreams," he said, recalling the fears of an American colleague who had complained that the allies never know "what the Germans say to each other when they are alone."

Relations between the two states have become more routine. East Germans made an estimated five million visits to West Germany last year. The number of twin cities is

rapidly increasing — Hamburg and Dresden being the most recent ones. East German musicians and actors and directors are performing in the West, and some writers are going back and forth, a reflection of the fact that cultural exchanges are the easiest form of contact. There are frequent contacts between politicians and officials.

A wave of political unrest that erupted in

Continued on page 14

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A newly relaxed U.S. attitude toward Bonn is a reflection of election year concerns, but quarrels over telecommunications and farm policy are simmering.

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West Germans are adjusting to life after the INF Treaty, and a consensus is forming on the issue of short-range nuclear missiles.

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Lion in front of the former Munich Royal Palace

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U.S. Warns of Backlash Over Farm Subsidies

By Paul Blustein and Stuart Auerbach

WASHINGTON — There are plenty of things the United States would like West Germany to do on the economic front. Grow faster, for one.

But the Reagan administration is not about to embark on a noisy campaign to pressure Bonn into major economic policy changes — not in the administration's final, lame-duck year.

"This is a game of tit-for-tat," said one U.S. policy maker. "And these days, we ain't got much tit."

Six months ago, a rift over monetary policy between Washington and Bonn helped plunge financial markets into an unprecedented panic. Today, the two countries are experiencing a period of unusual calm in their monetary-policy relations.

On trade, U.S. officials profess growing annoyance with what they see as German foot-dragging. Yet, there are no thunderheads on the horizon.

How long this era of amity lasts depends on a number of factors — not the least among them the stability of the markets. But for now, at least, U.S. officials see little likelihood that they will be pressing the government of Chancellor Helmut Kohl anytime soon to alter its policies, despite continued disappointment with the failure of West Germany's economy to expand more robustly.

In part, the relaxed U.S. attitude reflects a desire to get through the presidential election year without a repeat of the events of last October, when rising German interest rates and the resultant outbreak of verbal hostilities between Treasury Secretary James A. Baker 3d

But U.S. officials acknowledge there is little Bonn could do right now that would improve the global economy.

and Finance Minister Gerhard Stoltenberg contributed to the plunge on Wall Street.

"Economic conditions are relatively good, yet there continues to be nervousness in financial markets," observed an administration official. "So, nobody wants to do much that might undermine the good achievements and give added weight to the fears."

Beyond their election-year concerns, U.S. officials acknowledge there is little Bonn could do right now that would improve global economic performance very much.

A senior Treasury official said "the Germans have honored what they said they were going to do" by adopting stimulative fiscal and monetary measures. "The Germans could do more in terms of achieving stronger domestic growth, but we have been pleased with what Germany has done up to now," he added.

What's more, Washington realizes it is in a weak bargaining position over the issue of what major industrial powers should be doing to alleviate global trade imbalances. While Japan appears to be doing its part by stimulating domestic demand and shrinking its trade surplus, the United States appears to be undergoing its own adjustment at a considerably slower pace.

"U.S. domestic demand shouldn't be as strong as it is right now" if the United States is

to reduce imports and narrow its trade deficit significantly, said Klaus Friedrich, a former Federal Reserve official. "So we are, in a sense, the ones who are falling out of the scenario by having stronger growth in domestic demand than we ought to," said Mr. Friedrich, director of the European department at the Institute of International Finance.

To be sure, Washington could quickly develop a harder-nosed attitude toward Bonn if, say, the dollar were to go into a new nosedive and the West German authorities refused to assist in propping it up.

Moreover, once a new U.S. administration takes office, pressure will probably mount anew from Washington for West Germany to stimulate its economy. The leading Democratic candidate, Governor Michael S. Dukakis of Massachusetts, has stressed in his speeches the need for help from major U.S. trading partners in alleviating global imbalances. And if Vice President George Bush were to win the White House, he would almost certainly put heavy emphasis on economic coordination; his top adviser on such matters is Mr. Baker, the architect of the current coordination process.

But for now, U.S. officials seem resigned to leaving the Kohl government alone on monetary issues and hoping for a relatively smooth economic performance in 1988.

On trade, too, the odds appear weighted against a big clash between Washington and Bonn in the near future, although there are several simmering quarrels. The most divisive issues are Germany's reluctance to open its telecommunications market to U.S. companies and its stalling on U.S. efforts to eliminate farm subsidies among the world's industrialized nations in multilateral trade talks.

"We are telling our German friends these days that they are looking very negative," said a senior U.S. trade official. "Everyone used to call France 'the bad boy of the European Community.' Now we see Germany in that role."

The farm issue is the most critical, with West Germany seen in Washington as fighting any possible consensus within the EC on new rules for international trade in farm products within the General Agreement on Tariffs and Trade (GATT). This is a cornerstone of the U.S. program in the current global round of trade talks to strengthen and revitalize GATT.

U.S. officials believe the Bonn government is trying to protect its small and inefficient farms, especially those in the southern part of the country, by retaining the high subsidies of the EC's Common Agricultural Policy. The Reagan administration has proposed new GATT rules that would eliminate subsidies within a decade.

U.S. officials say they have been telling German industrialists, who depend on open markets, how their country's agricultural policy can hurt their export business in hopes of generating a domestic backlash against the protected farmers.

While the telecommunications issue is simmering beneath the surface, it could come to a head if a new trade bill, currently caught up in



Chancellor Kohl and President Reagan at the White House.

a dispute between President Ronald Reagan and Congress, finally gets signed into law. The bill contains a telecommunications trade section that would force negotiations with countries that sell equipment in the United States while protecting their own markets.

While the bill is threatened with a veto on the nontrade issue of plant closing notification,

the legislation has strong support from U.S. industry and many lawmakers and could be resurrected without the plant closing measure, Mr. Reagan opposes.

PAUL BLUSTEIN and STUART AUERBACH are Washington Post financial reporters specializing in international trade matters.

Bonn Reinforces Its Position as A Leader of EC

By Paul L. Montgomery

BRUSSELS — In the 30 years since West Germany helped found the European Community, relations between the two have been on a roller coaster — enthusiasm followed by rejection, optimism giving way to disappointment.

Officials agree that at the moment the German position within the EC is on the way up. The six-month German presidency, which lasts through June, has performed prodigies in resolving crises in the budget and agricultural spending. More remarkably, Chancellor Helmut Kohl has openly sacrificed the interests of German farmers and has accepted massive transfers from the German budget to the community budget.

There is even talk that when the next European Commission takes office on Jan. 1, 1989, the Federal Republic will provide officials of wider prestige and more clout than has previously been the case. As befits the country's central position in the community, the international civil servants already provided by West Germany hold key posts, but under the rules those executives are supposed to drop national concerns and work for the good of all.

The European summit at Hannover on June 27-28, with West Germany presiding, will determine the next president of the European Commission. It is widely assumed that the incumbent, Jacques Delors of France, will run again and will be selected for a further four-year term. However, West Germany will have considerable persuasive power. There is even talk that the next commission, beginning in 1993 along with the scheduled start of the internal market, could be headed by a German.

It was only a year ago that the commission went on masse to the Federal Republic to stop the slide of declining confidence and cooperation. "I fear the government in Bonn lacks the same interest in the construction of Europe now that it had in former years," Mr. Delors said at the time. Now he credits Chancellor Kohl for putting his shoulder behind many of the community's recent reforms.

WEST Germany's position at the apex of the EC is so weighty that it sometimes threatens

to topple. The country is the most populous of the 12 members, with nearly 19 percent of the population of 324 million. It is also the richest, with nearly 27 percent of the community's total gross domestic product. Since 1984, only the Federal Republic and the Netherlands have consistently run surpluses in intracommunity trade. Germany's massive surplus with the United States, second only to Japan's, has strengthened the Deutsche mark month after month, causing periodic realignments of the European Monetary System.

West Germany's burden in the EC is equally heavy. According to the Federal Republic's representation office, Germany supplied 28 percent, or 9.8 billion, of the 1986 budget of 35 billion ECUs (\$28 billion) and got back only 5 billion ECUs in benefits. It was former Chancellor Helmut Schmidt who described West Germany as "the paymaster of Europe" and it is that feeling that has prevailed in German public opinion, at least until Mr. Kohl's recent initiatives.

But beyond the cost-benefit arguments about Germany and Europe, there is a psychological and historical backdrop that colors all

the elements of the relationship. There is little question that these reasons were uppermost when the Federal Republic embraced the idea of Europe in the 1950s. Chancellor Adenauer, who headed the commission's legal department for years and is now Mr. Delors' spokesman, has been a close observer of his country's relationship. "At the beginning, there was enthusiasm because it was a way to regain respectability and equality of treatment among nations," he says. Chancellor Kohl has even suggested that the Federal Republic adopted Europe as a kind of father-substitute for its own nation-state.

At the same time, the strengthened mark and the agricultural chaos in community policy was clearly hurting German farmers, who were having to accept cuts at the same time that less efficient countries were growing fat. As industry grew and thrived, the politically powerful farmers howled

Will the 1990s be the German decade?

their complaints. It is this alternation of industrial growth and agricultural shrinkage that has probably done the most to create the swings in German public opinion.

"Germans have accepted their heavy burden of payments to the community because they know that German industry benefits," said Mr. Ehlermann. "But these benefits are sometimes very difficult to quantify."

Mr. Kohl's recent willingness to present West German policy to the electorate as a "sacrifice" seems to have cleared the air and increased support. The German presidency, alongside Mr. Delors and the commission, worked hard for the agreements at the European summit in February. West Germany even introduced a new technique: bilateral negotiations between disputants when a consensus could not be obtained at plenary meetings.

Chancellor Kohl's overall record in the last three years in favor of Europe has been truly remarkable," said Mr. Ehlermann.

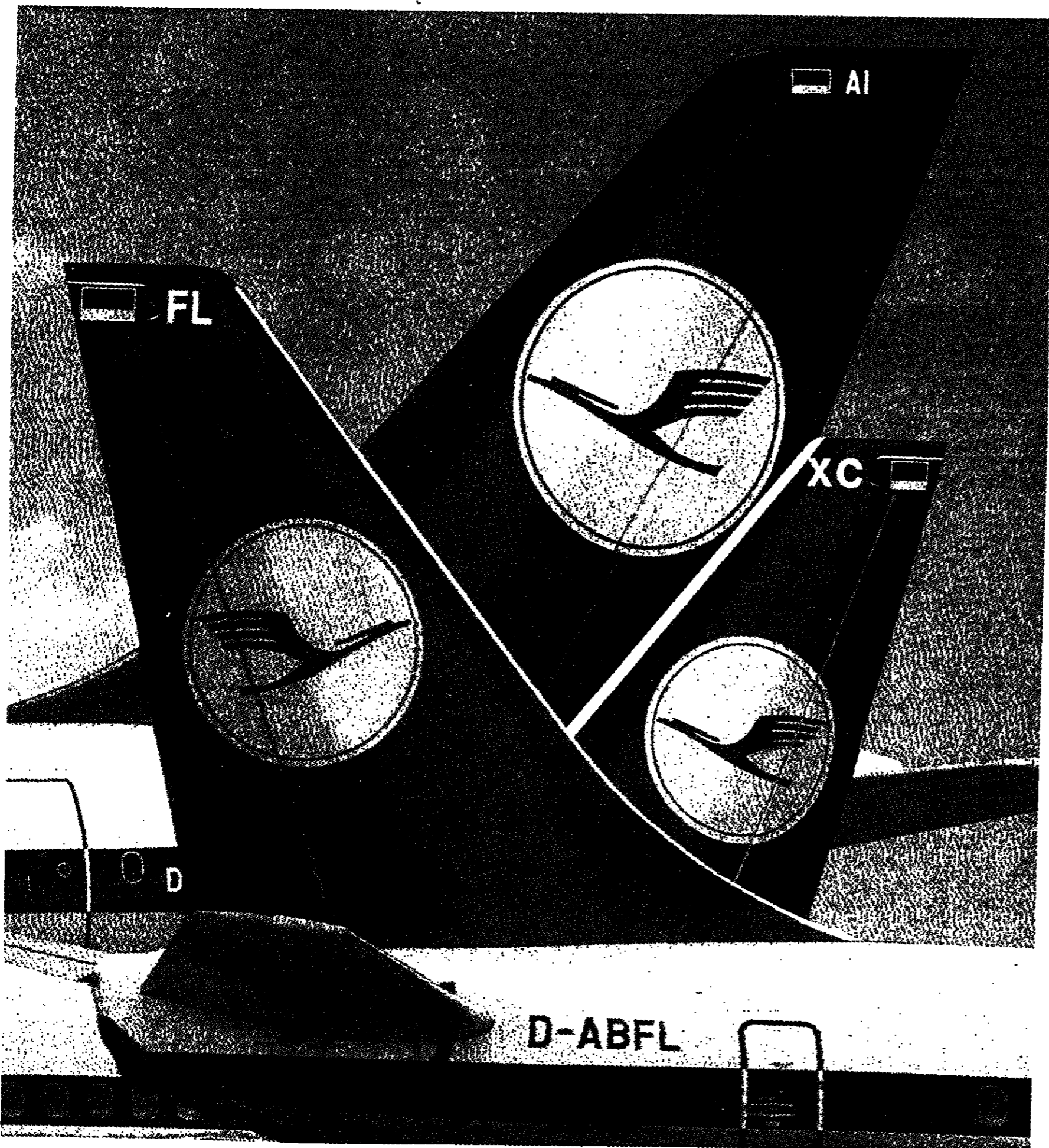
If there has been any criticism of West Germany, it has been directed at the two German commissioners. Karl-Heinz Narjes, the senior commissioner in charge of industry, is from Mr. Kohl's Christian Democratic Party. Peter Schmidhuber, appointed last fall to take over regional and labor policies, is from the rightist Bavarian Christian Social Party, a member of the governing coalition. It is the first time that an opposition politician has not been included in the German delegation.

But amid all the temporary irritants there looms the great single market of 1992. Despite disagreement on many proposals for international markets and capital movement, the Federal Republic realizes the benefits to be gained, and the penalties for intransigence. The Bundesbank, the German Federation of Industries and other power centers are continually urging the government to promote work on the internal market.

The 1990s are already shaping up as the German decade in European development.

PAUL L. MONTGOMERY is a journalist based in Brussels.

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Strife in Industry's Heartland

Steelworkers Struggle to Keep the Ruhr's Smokestacks Sparking

The opposition has called the government actions 'the sellout of an entire region.'

By Ferdinand Protzman



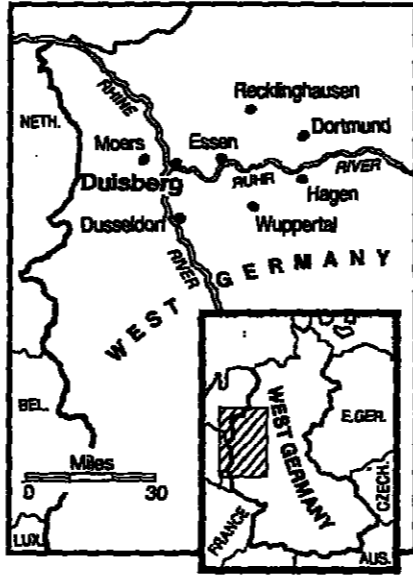
Steelworkers protest plan to close Rheinhausen plant.



In Duisberg, endangered smokestacks overshadow children at play.

DUISBURG — In the quiet neighborhood of Marxloh in the heart of the Ruhrgebiet, West Germany's stronghold of steel and coal, a 19th-century brick row house, blackened by decades of soot, stands as a monument to the nation's industrial revolution.

ducers to cut 35,000 jobs by 1989. But it was the news that Krupp Stahl AG, Krupp's steel subsidiary, would close its Rheinhausen plant that sent the workers into the streets.



The future of this classic example of steelworker housing, which is protected as a historical landmark, is secure. The fate of the area's steel and coal industries and their thousands of workers is very much in doubt.

"Krupp told us that the work force here would be reduced, but that the plant would stay open," one Krupp worker said. "Then they reneged on that. We know the steel industry can't go on forever. But we want them to keep this plant open until the government and the steel companies create real, lasting alternative jobs for us. That is why we are fighting to keep Rheinhausen alive."

duction for the Ruhr's future is a German problem, but the same difficulties plague steel-producing areas throughout Europe and the United States.

through a painful birth of cooperation, a new beginning for the district will be found," he said recently.

1986 and with another large loss expected for 1987, Ruhrkohle must continue to cut jobs and close mines, Mr. Horn said.

(1.614 million square feet) of the harbor area's 7.3 million square meters. "The duty-free port status alone will do little to produce a noticeable enlivening of either the port or the domestic economy," was the verdict in a report by the Ifo economic research institute in Munich.

Will the 1990s be the German decade?

Performance 1987

Table with 4 columns: Consolidated Figures, 1987, 1986, Change. Rows include Group external sales, Group net income, Capital spending, and Total staff.

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Outlook 1988

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Economic Turnabout

A Sluggish Economy Churns Up Pleasant Surprises

By Edward Roby

FRANKFURT — The sluggish West German economy, only recently the favorite whipping boy of growth-oriented U.S. policy makers, has been churning up nothing but pleasant surprises lately.

The economy expanded an estimated 2.5 percent in real terms in the last quarter of 1987 and the trend continued into the first quarter of this year. Industrial orders were up a real 4 percent in January from December and industrial output rose in January and February. West German exports, which grew by about 3 percent in volume in all of 1987, surged a real 7.5 percent in the fourth quarter, compared with that period a year earlier. And private consumption, spurred along by a large tax cut and steadily rising real income, continues to run strong.

And the Bundesbank's president, Karl Otto Pöhl, said he expected moderate GNP growth matching the government's projection. He called the danger to the world economy from the market upheaval "not unfounded, but exaggerated."

"The economy is performing better than had been expected, and this is not just the result of favorable weather," said Deutsche Bank senior economist, Norbert Walter, endorsing the prevailing growth expectations on the basis of continuing brisk demand for goods and services.

Commerzbank's chief economist, Ulrich Ramm, also described the outlook as "very good."

"We hit the trough of pessimism in December, when we regarded the growth forecast of 1.5 percent to 2 percent as very optimistic," Mr. Ramm said. "We now consider it to be achievable."

"The winter, in contrast to last year's, was very mild. Economic performance over the past six months — the fourth quarter of 1987 and the first quarter of this year — has been better than anticipated."

Both Mr. Walter and Mr. Ramm said they viewed another potential shift in currency exchange rates as the main threat to West Germany's export-oriented economy this year but both said they believed the dollar was more likely to remain relatively stable against the Deutsche mark in the near term.

These economists also ruled out any immediate possibility of a recession, either in the United States or in West Germany. And they saw no particular threat to the economy from a rise in interest rates, which have apparently stabilized at a low level.

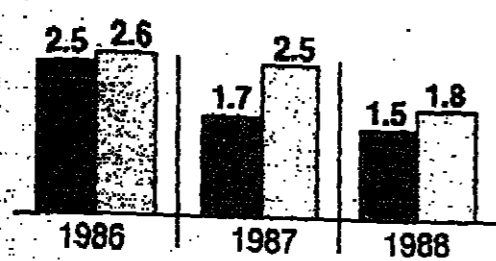
Corporate investment is showing signs of revival.

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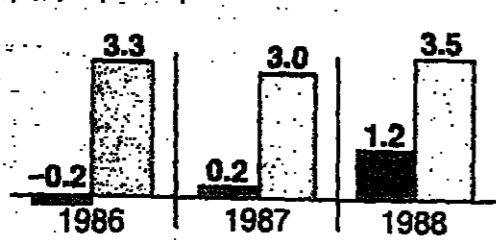
Key Indicators

West Germany European Community

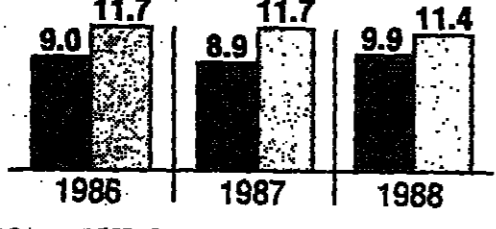
Gross Domestic Product (Change on previous year in percent, in real terms)



Inflation Rates (Consumer prices, change on previous year, in percent)



Unemployment (As percentage of dependent labor force)



Sources: OECD, Commerzbank, European Community

Exporters Absorb Blows And Come Roaring Back

FRANKFURT — The ooster of Peter W. Schutz as chairman of Porsche AG a few months ago was read in some quarters as a signal that the collapse of the dollar was finally putting grit into the gears of the mighty West German export machine.

Mr. Schutz, whose aggressive U.S. marketing strategy had hiked Porsche's sales by an average annual 25 percent in the five years ending mid-1986, apparently fell victim to the dramatic shift in currency exchange rates, in which the dollar lost more than half its value since early 1985 against the Deutsche mark.

Porsche's turnover, 81 percent of it derived from export sales, slipped 4 percent in the fiscal year ended July 31, 1987, and the company slashed its common stock dividend by one-third to 10 marks (\$6) a share.

Renewed turbulence on the foreign exchange market starting with last October's market crash then led to a nearly 30 percent drop in deliveries of some models in the U.S. market on which the sports car maker depends for around 60 percent of its sales.

Turnover in the first half of the current year plunged 14.5 percent, idling capacity this year at the company's Zuffenhausen plant and forcing management to rethink its strategy.

But the dilemma of Porsche, a midsized company with an exaggerated dependence upon the U.S. market, emerges as little more than a high-profile exception in the overwhelmingly favorable business and export climate West German industry is enjoying this year.

The German economy, in contrast to the gloom that prevailed after Black Monday on Oct. 19, expanded at an accelerated rate in the first quarter, prompting business, academic and government forecasters to start raising their expectations for gross national product growth toward the 2 percent level or better.

The overpriced dollar that helped propel West Germany to the No. 1 position among the world's exporting countries may be a thing of the past. But the structure of German trade, coupled with unexpectedly strong growth and demand in major foreign markets, is now helping West German industry to maintain its competitive edge.

Export industries lost little through price competition.

United States and other countries that peg their currencies to the softer dollar.

West German industry, meanwhile, reaps full benefit from cheaper, dollar-denominated raw material imports. And quickening growth in major foreign markets like Britain and the United States simply mean a bigger appetite for West German goods.

A case in point is Bayer AG, one of West Germany's three major chemical companies, which is already predicting "good results" and a possible increase in production on the basis of strong first-quarter sales and incoming orders.

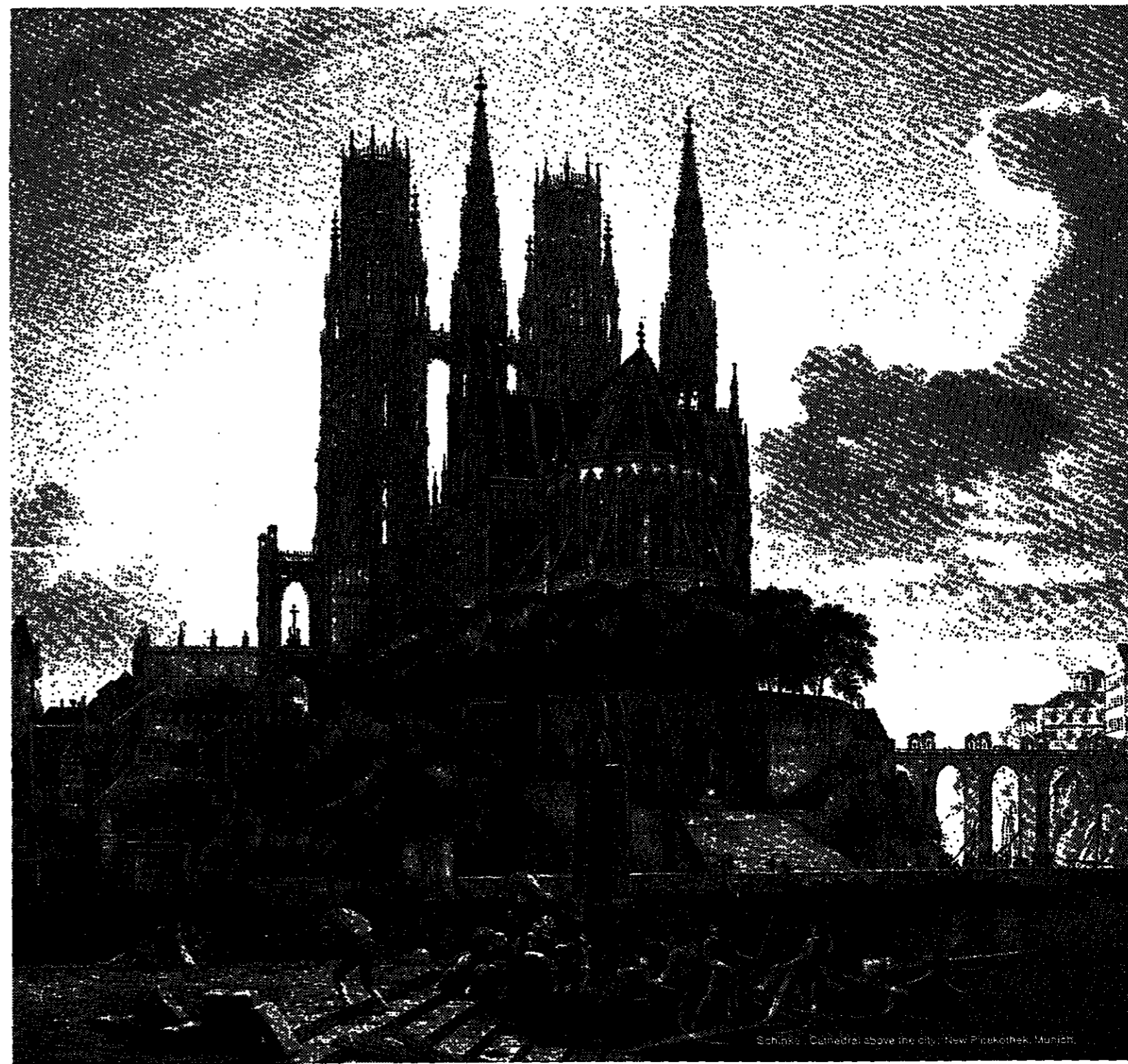
The West German chemical giant is stepping right along with the recent U.S. export boom, on which the Reagan administration is pinning its hopes for redressing the bulging trade deficit. So is its competitor Hoechst, which boosted its global turnover by 11.2 percent to 37 billion marks by acquiring the profitable Celanese Corp. last year in one of the biggest takeovers on the American corporate scene.

The chemical industry offers an excellent example of how German industry, in general, positions itself to make the best of shifting patterns of international trade. Companies that staked out a U.S. market share for their exports when the dollar was high rarely packed up and left when exchange rates turned against them.

The cheaper dollar, to the extent that it compounded the weakness of oil, feedstock and raw material prices, was a special blessing for the chemical industry from the standpoint of production costs.

Even BASF, the one member of the big three with a significant oil refining operation that was hurt by lower prices, has said this month that 1988 has so far "significantly topped our expectations."

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East-West Relations ■ Defense Issues

Détente Is Expected To Sharpen, Not Blunt Human Rights Issues

Policy no longer needs to concentrate only on avoiding war.

By Christoph Bertram

HAMBURG — Since Mikhail S. Gorbachev's rise to the top post in the Kremlin, a latent fear has been revived in the West: that this skillful politician might succeed where previous Soviet leaders failed, namely, in dividing the Western alliance and, more precisely, in breaking West Germany away from its Western moorings.

In reality, as seen from West Germany, the Gorbachev effect has been exactly the opposite: it has deepened the West Germans' awareness of the differences that separate East and West and of the values that their country shares with its Western partners.

Of course, much of the Western fear has always been exaggerated. If it was Soviet policy to drive a wedge between Europe and America and between West Germany and its Western allies, it has been remarkably unsuccessful.

It is not likely that the new, reformist leadership in Moscow, whose priority is to rescue the country from economic decline, will devote much effort to this elusive aim. After all, even if the Soviets should, for once, succeed in sowing discord in the West, this would solve none of their pressing internal problems.

But, so the worst case, will the new, cooperative sounds emanating from Moscow not undermine the Western vigilance and create the impression that there is nothing now that divides East and West?

Perhaps. But whatever happens in the forthcoming negotiations on conventional arms, the Soviet Union will remain the military superpower in Europe. West Europeans will continue to feel the shadow of that power.

Moreover, the reforms in Moscow are likely to sharpen rather than blunt the sense of separateness between Eastern and Western Europe by drawing increased attention to the issue of human rights.

Traditionally, West Germans have been wary of raising the human rights issue in the East-West context. As a rule, governments as well as peace movements have tended to play down the repression of individual freedom in the East. Détente for West Germans has primarily been a policy for reducing tension between East and West, dictated by a concern over order and stability rather than over individual justice.

This, however, is changing, and one of the

major agents of this change is the disappearance of the fear of war. Only a few years ago, during the heated missile debate, people genuinely feared that nuclear war was inevitable.

Now, they have watched President Ronald Reagan and Mr. Gorbachev sign a treaty banning medium-range missiles. Quite properly, they have concluded that a major conflict in Europe is more remote today than ever; mutual caution, and its midwife, mutual deterrence, have seen to this.

Détente, therefore, no longer needs to concentrate only on avoiding war, it can afford to be concerned with the plight of individuals in conflict with repressive governments.

Mr. Gorbachev's call for openness and debate, moreover, has raised hopes for political liberalization that are bound to be disappointed. East European leaders are generally reluctant to embrace the new policies of Moscow, thus demonstrating to their own citizens and to those in the West the limits of change in Communist regimes.

When human rights became a major political issue in the United States, it was over the question of Jewish emigration from the Soviet Union. In West Germany, the thorny problem of emigration from East Germany has had a similar effect.

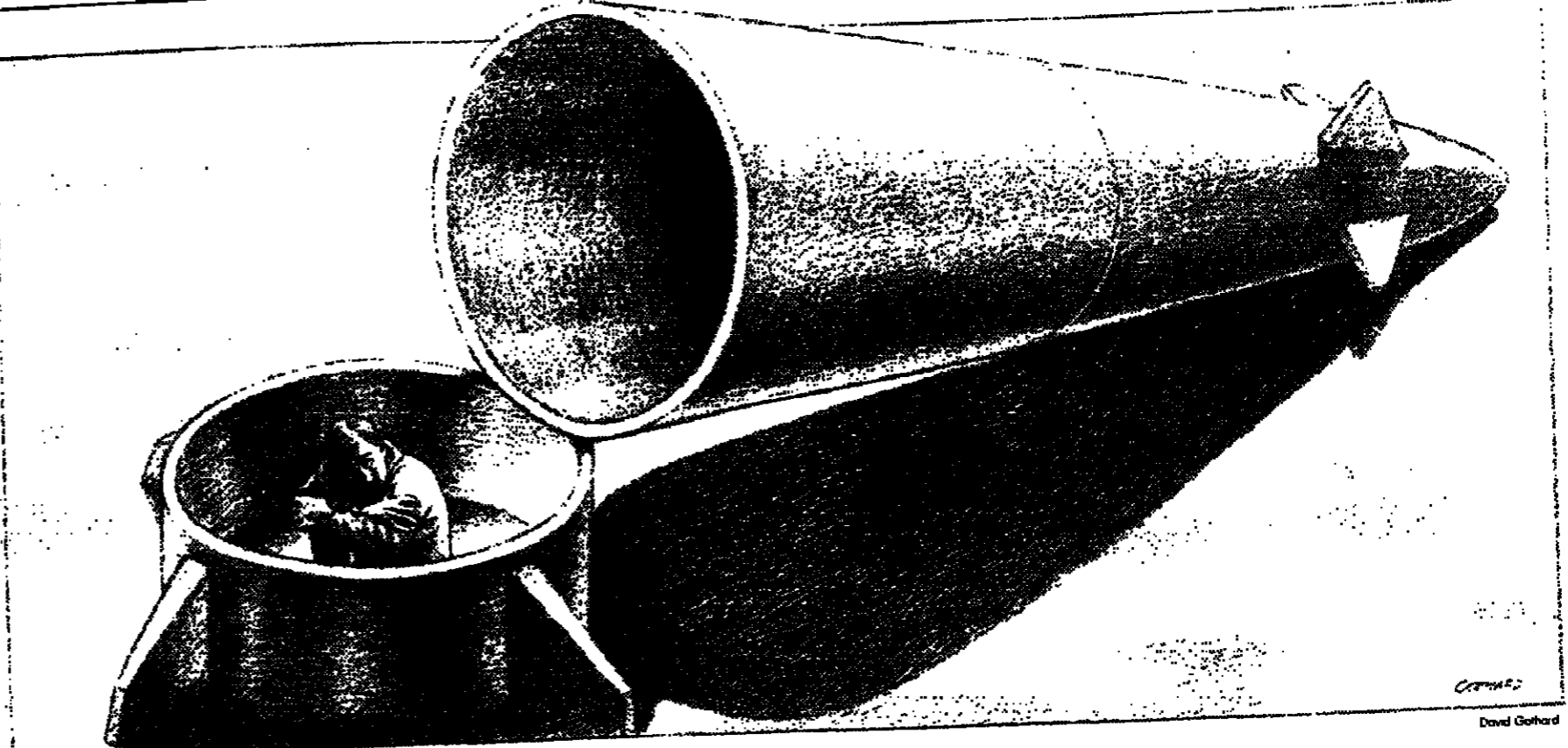
The East German government has vacillated between repression and leniency. Faced with many thousands who want to move to the West, it tried to bar all emigration, then lifted the pressure by allowing many to visit West Germany, even permitting some to emigrate. The authorities have imprisoned demonstrators and released some of them, forcing others to leave the country in the hope of getting rid of the troublemakers.

In the past, it was the monopoly of the political right in West Germany to draw attention to the plight of East German dissidents. The Greens were the first to challenge that monopoly. And now, the Social Democratic Party (SPD), the traditional party of *Ostpolitik*, is following suit.

The leading political light of the younger generation, the SPD's deputy leader, Oskar Lafontaine, has become one of the most outspoken champions of the change. At the height of recent East German arrests, Mr. Lafontaine protested that the Social Democrats should not permit East Germany "to turn us into prostitutes and accomplices of their policy."

The shared East-West value of avoiding war is increasingly being satisfied in Europe. In contrast, the different values of human dignity and human freedom stand out all the more starkly. For the foreseeable future, Communist regimes will fall well short of the standards in the West and the demands of citizens in the East. That is why the gap between East and West will become more rather than less visible in the new, emerging era of détente, and why West Germans will feel confirmed rather than challenged in their "Westernness."

CHRISTOPH BERTRAM is diplomatic correspondent of the weekly *Die Zeit*.



Consensus Is Forming on Nuclear Missiles

By Elizabeth Pond

BONN — The West Germans are finally adjusting to life after the INF Treaty, and a consensus is coalescing on the vexing issue of the North Atlantic Treaty Organization's short-range nuclear missiles.

The full shape of the treaty will have to await a new administration in Washington, but the general outline is already evident. It will consist essentially of trading off "modernization" of short-range nuclear forces (SNF) such as the Lance missile for drastic cuts in nuclear artillery stationed in West Germany.

If Bonn has its way, it will also entail a restoration of primacy in deterrence missions away from short-range to longer-range theater missiles based on planes and ships.

Just such a deal has been anticipated by strategists since Washington and Moscow reached initial agreement last spring to eliminate all their land-based intermediate-range nuclear force (INF) missiles with ranges of between 500 and 5,500 kilometers (310 and 3,422 miles).

But it encountered American anxieties about Senate ratification of the INF Treaty as well as political jockeying in West Germany. Washington's preoccupation with technology clashed, as always, with Bonn's fears of any shift in superpower relations.

It was, thus, only with the press conference by Volker Rühle, the deputy parliamentary leader for the Christian Democratic Union (CDU), in mid-March that West German politicians publicly endorsed the agreement.

Mr. Rühle proposed dumping as many as half of NATO's post-INF 4,000 nuclear weapons and "restructuring" the rest to make them as "credible" as possible. This, he said, would mean favoring longer-range over shorter-range theater systems and getting rid of many of the least credible artillery pieces, which would be used almost exclusively on West German territory.

He added that reductions might be implemented either unilaterally or in negotiation with the Soviet Union, but an "absolute minimum" of nuclear weapons must stay to deter even a conventional attack.

"Modernization must be possible and must not be taboo," he added, but it could not be decided upon in isolation without first developing NATO's promised "comprehensive concept" of arms and arms control.

Retired Bundeswehr General Franz-Joseph Schulze, a former commander of NATO forces in Central Europe, said such a tradeoff makes sense because weapons numbers are a function of range. If the successor to the 110-kilometer-range Lance has a reach of 450 kilometers, it

would not only cover two-thirds of the main Warsaw Pact bases for offensive air operations in Central Europe, but would also provide wide lateral coverage to deter any massing of Soviet forces at the front for an attack. Then, much of the 20-kilometer-range artillery could be forfeited.

Mr. Rühle's approval of the concept is significant since a year ago he and Alfred Dreger, the CDU parliamentary leader, were the two main conservative opponents of the "second zero" (eliminating INF missiles in the 500-to-1,000-kilometer range as well as the 1,000-to-5,500-kilometer range).

At the time, Mr. Dreger complained that West Germany was being "singled out" in the unique threat it would face.

Mr. Dreger has not publicly approved Mr. Rühle's proposal, but CDU staff members say that Mr. Rühle's formulation reflects a center-right consensus that includes Mr. Dreger and even Chancellor Helmut Kohl.

If the solution that is emerging is so simple, why then did the NATO allies go through the shadow play of confrontation, with the United States and especially Britain insisting that the West Germans first prove their loyalty to the West by modernizing the Lance? And why did Bonn resist so stoutly?

One reason, perhaps, was that anyone who has attached his faith in deterrence to a particular weapon (as the West German government performed did in battling for INF deployment in the mid-1980s) feels naked once that weapon vanishes.

This feeling of vulnerability is magnified for the front-line non-nuclear Germans whenever there is any shift in superpower relations, as

there was when President Ronald Reagan opened a new era of Soviet-American cooperation with the INF Treaty.

In addition, there was a sense of having been betrayed. For the first time in two decades, the West Germans had just won a basic commitment from the alliance that if it had to resort to nuclear weapons to avert conventional defeat, it would attack Soviet targets and not just West German territory. Yet, now, the very INF missiles that were intended to guarantee that commitment were to disappear.

At that point, the United States could have reassured the Germans that air- and sea-based theater-range systems could still perform the mission of holding Soviet territory at risk, stressing the merely supplementary role of SNF in deterrence. But Washington feared a bruising fight over Senate ratification of the INF Treaty and put a higher priority on managing the ratification.

man government had been so shaken by the battle over INF deployment that, on the insistence of Foreign Minister Hans-Dietrich Genscher, it would fall to live up to the commitments on modernization made by the NATO Council in Montebello, Canada, in 1983.

More broadly, the British, French and Americans all feared a West German drift into letting nuclear weapons be "delegitimized" in the minds of the West German public.

The upshot was that for Bonn's allies, modernization of the Lance, and, for a time, the notion of setting a "firebreak" to nuclear arms control at the 500-kilometer range, became the theme of Western solidarity.

Unfortunately for the West Germans, there could hardly have been a worse symbol. The concept of a firebreak conjured up images of letting Germany burn down in any nuclear conflict in order to save France and Britain (and the United States). And the Lances were by far the most visible and controversial nuclear weapons around.

The strains were brought into the open at a meeting of defense specialists in Munich in February, which showed Mr. Dreger and Mr. Genscher just how isolated they were.

The result was that Mr. Dreger pulled back, Mr. Genscher was criticized indirectly by Prime Minister Margaret Thatcher of Britain at the NATO summit meeting and Mr. Rühle proceeded to mold the new consensus of trading SNF modernization for cuts in artillery.

ELIZABETH POND is the European correspondent of *The Christian Science Monitor*.

Defense Funding Drops, But Kohl Promises More

BONN — The bon mot making the rounds among Bonn conservatives is that the center-right government has implemented the cuts in defense funding that the Social Democrats faster than anyone would have believed possible.

The West German military budget is skating very close to the 3 percent of gross national product that for decades has been viewed as the dividing line between a serious or only a half-hearted commitment to defense.

Even more serious, the funding that goes to equipment procurement for the armed forces is so low that Bonn has now sunk from being close to the top among North Atlantic Treaty Organization countries to 10th or 11th on the list.

The Bundeswehr's present peacetime strength of 495,000 will be nominally maintained in the 1990s, but actually it will contract to 456,000 active servicemen and 39,000 reservists, despite extension of the draft from 15 to 18 months beginning next year.

The air force will still get more Tornado jets and a new Eurofighter for the 1990s. And the navy will get new frigates, minesweepers and submarine interceptors. But acquisition of tanks, anti-aircraft missiles, submarines, speedboats and transport helicopters will all be stretched out.

Elizabeth Pond

Procurement graphs have fallen steeply.

This leaves departing Defense Minister Manfred Werner going off to his new post as West Germany's first secretary-general of NATO with less than flying colors.

Chancellor Helmut Kohl, according to a military source, promised 50 Bundeswehr commanders in January that he would come up with more funds for defense in two years. And the cabinet has pledged to restore in 1989 the 550 million Deutsche marks (\$325 million) excised from the military budget in 1988.

But that will hardly provide the kind of salaries needed to attract long-term volunteers and compensate for the shrinking pool of young men available for conscription in the 1990s. Nor will it purchase Leopard 2 tanks for more than 16 all-purpose brigades, or fund a successor for close air support to the Alpha jet, which is to be decommissioned.

"It's natural," commented one defense official, explaining why all the procurement and graphs peaked under the Social Democrats and have fallen steeply ever since the Christian Democrats took over the chancellery in 1982. He said that while the Social Democrats were always under pressure from the conservative opposition on the defense issue, the conservatives face no such burden.

Formally, the Bundeswehr Planning Conference committed itself in February to keeping the present 12 divisions with 48 brigades under the structural reform to be effected by 1995. But at only a bit more than half their current manning, they will no longer be operationally ready to carry out NATO's concept of forward defense on short warning. They will have to rely on reserves, who will take about 48 hours to be mobilized.

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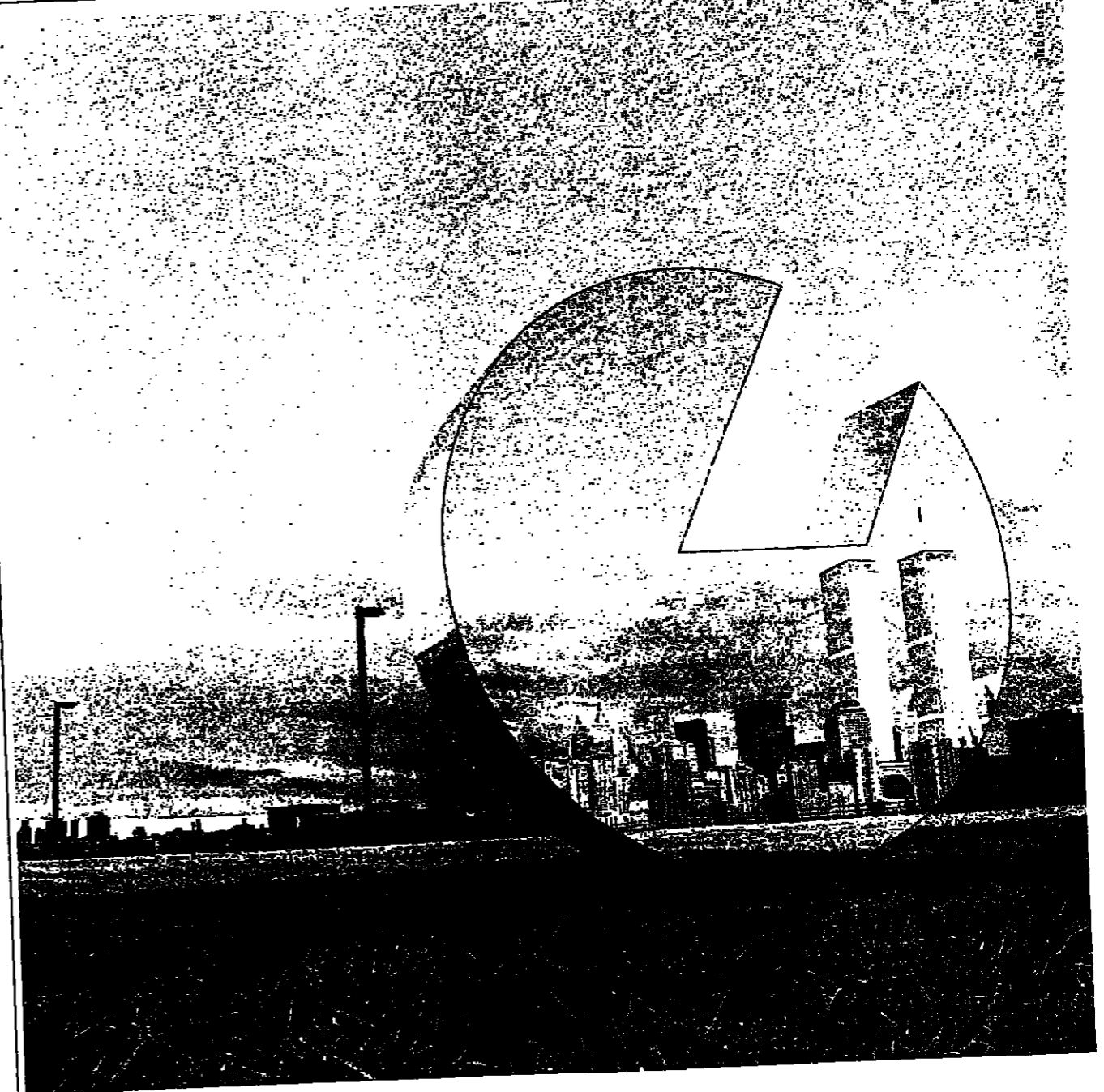
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Amid Pressures of 1992, Electronics Companies Jostle for Advantage

By Douglas Sutton

FRANKFURT — West Germany's electronics industry, in keeping with developments throughout Western Europe, is going more and more international these days to keep pace with costly technological advances.

The process is by no means smooth as some of the more prominent players in the electronics game appear to be jostling one another for the best starting position in 1992, the year when the European Community is to have eliminated all internal barriers in trade, services and financing.

The latest example of this is the complaint by SGS-Thomson that it is being brushed aside in the high-technology Jassi (Joint European Semiconductor Silicon) project by Siemens and Philips to develop microchip technologies for the 1990s.

While that dispute goes on, the battle in West Germany for market shares and technological advances is being waged by such major companies as Siemens, AEG, Nixdorf, Standard Elektrik Lorenz (SEL) and the various U.S. electronics subsidiaries.

The next big event in the industry is expected in May, when the West German Posts and Telecommunications Ministry is to award a contract as high as 500 million Deutsche marks

(\$299 million) to expand its Datex-P data-transmission network.

The winner-take-all battle is between Siemens and AEG and nerves have been showing between the two companies as the deadline approaches. Eyebrows were raised when a Siemens executive praised his firm's EWSP system as being a "purely German development."

This was apparently meant as a jibe at AEG for teaming up with Northern Telecom of Canada in the AEG Olympia joint venture to offer up the Canadian company's highly successful Datapac system. It was all the more curious in light of Siemens' own widespread joint venture and cooperation activities with foreign partners.

The jostling comes amid a relative lull overall in West Germany's electrotechnology industry.

Helmut Lohr, chairman of the Frankfurt-based Electrotechnology and Electronics Industry Federation (ZVEI) as well as of the Standard Elektrik Lorenz company, predicted that overall output in the industry may rise by 1 percent in 1988, "if everything goes well."

Last year, turnover in the industry reached 159.2 billion Deutsche marks, a nominal 2.1 percent gain. Adjusting for inflation, the growth was only 1.3 percent over 1986 levels, when turnover increased by a real 2.5 percent. Production in 1987 rose last year by just 0.2



Testing of a digital switching system for export at Siemens.

percent to nearly 135.1 billion marks, a major slowdown from the real 5.1 percent output advance made in 1986.

Exports, according to ZVEI statistics, reached 71 billion marks, an increase of 0.9 percent. This was a slowdown from the 1986 export growth of 3.7 percent, but still better

than expected following the U.S. dollar's steep decline. A stagnating market naturally sharpens the competition among the companies for their share. Meanwhile the stakes, such as Siemens' and AEG's huge up-front costs to compete for the Datex-P contract, get more risky, industry officials admit.

For many firms, the only solution is to join forces. For example, late last year, the Finnish firm Oy Nokia took over SEL's audio-video division. This followed similar steps in the German consumer electronics field in the past few years — Philips taking over Grundig and Thomson swallowing up Telefunken, Dual, Nordmende and Saba.

At a symposium during the giant CeBIT office equipment and technology fair in Hannover in March, Mr. Lohr of SEL remarked, "I'm a German and I feel German. Nevertheless, today we have to look at the global market."

Wolfgang Rucker, managing director of Hewlett-Packard GmbH, said at the same symposium that there had been a "dramatic change in relative short time" in the competitive landscape. "The trend is all the greater toward large suppliers of information technology which operate worldwide starting to cooperate with partners who know exactly the application problems of the local customers," Mr. Rucker said.

He added that "this provides the opportunity for the small companies to find a niche in the market and to thrive there."

While the small firms seek their niche, the large firms are fighting to get bigger chunks of the market.

Mr. Lohr told the symposium that the merg-

er process would be unavoidable if the Europeans were to keep pace with the Americans and the Japanese.

In the case of the major West German electrical firm, Siemens, the question of size is also a question of where to put the emphasis.

A key part of its strategy today is focused on telecommunications. An Arthur D. Little study ranked the Munich company third in the world in 1986 with a turnover of \$5.6 billion, after AT&T's \$10.2 billion and Alcatel's \$8 billion and somewhat ahead of Northern Telecom's \$4.4 billion.

Siemens has spent half a billion dollars in developing the necessary software to try to compete for contracts from the 22 Bell Operating Companies in the United States. A company executive, Hans Bauer, admitted that to recoup the investment, Siemens will need to gain a 10 percent share of the American market by 1991.

The German computer industry is less euphoric than it was a few years ago, when annual growth rates of 30 percent and more were the norm, but it is still growing at a rate of 10 percent.

DOUGLAS SUTTON is an editor with the English-language service of DPA, the German press agency based in Hamburg.

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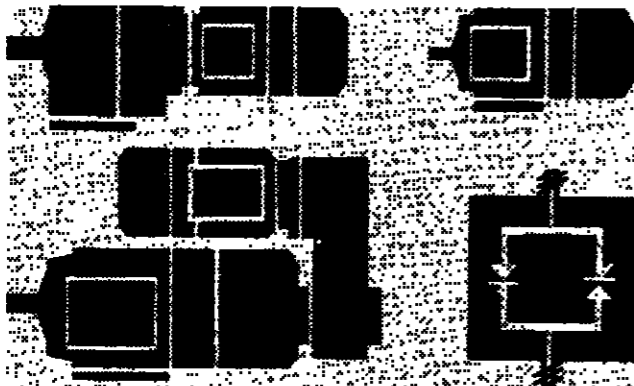
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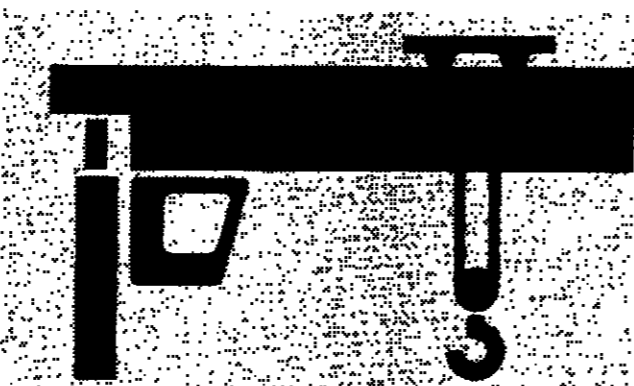
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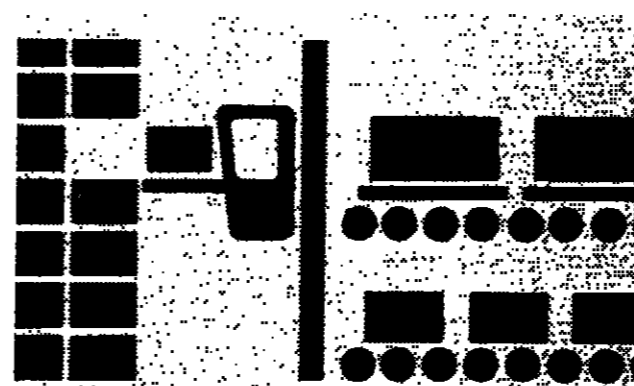
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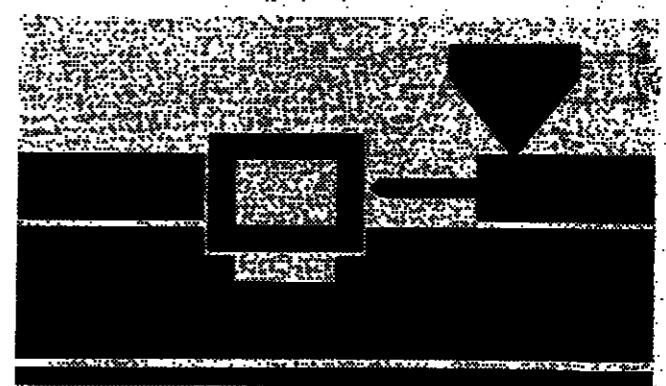
Material handling components
Electric motors, control systems, hoists and travel units, control pendants, busbar lines



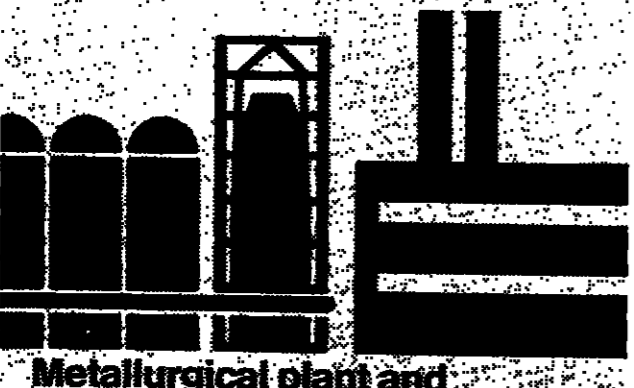
Cranes and handling equipment
Cranes, load handling attachments, storage and retrieval machines, handling systems, controls



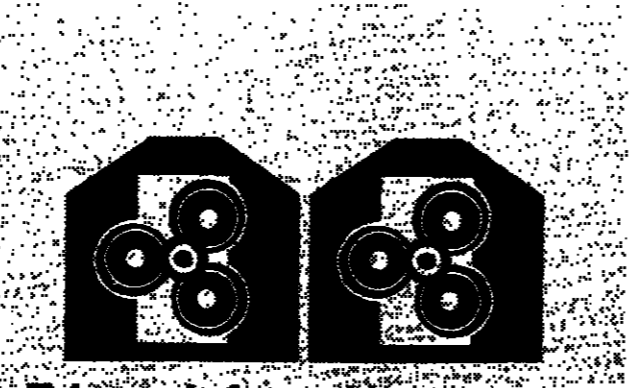
Systems engineering
Storage, order-picking and material transport systems, planning and implementation of integrated material handling installations



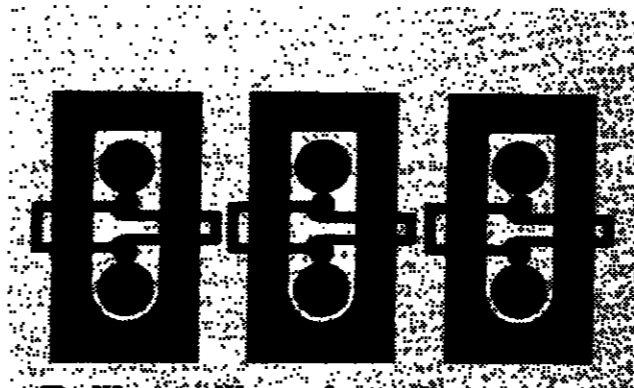
Plastics machinery
Machines and integrated injection molding systems



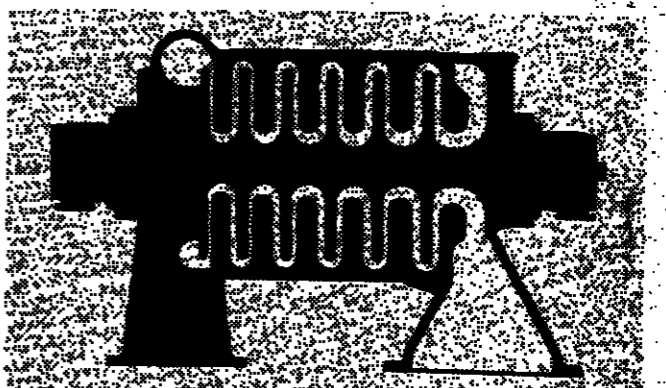
Metallurgical plant and equipment
Integrated works, blast furnaces, steel-making shops, secondary steel-making equipment, continuous steel casting machines, electrometallurgical facilities



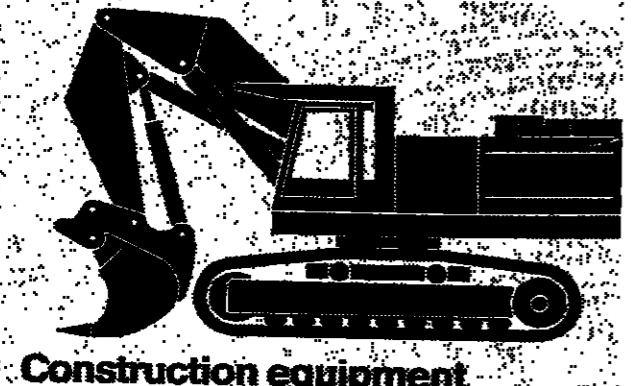
Tube and pipemaking facilities
Plant and machinery for the production of seamless and welded tubes and pipes and hydraulic presses



Rolling mill engineering
Rolling mills for sections, beams, rod, strip, plate and sheet, and strip processing lines



Process gas compressors
Dynamic or positive displacement machines for air or industrial gas compression and vacuum pumps



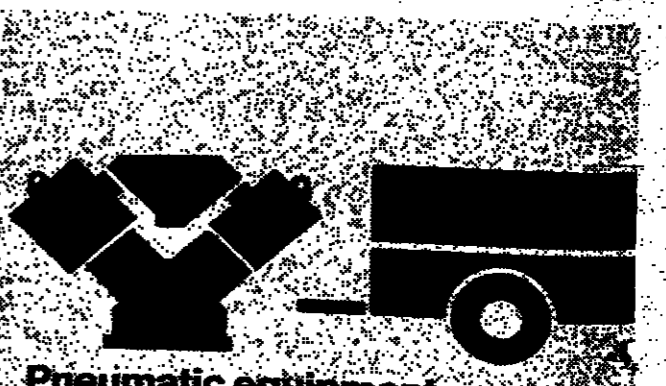
Construction equipment
Hydraulic excavators, cable-operated hydraulic excavators, pavers, side finishers



Mining engineering
Open-cast mining equipment, bulk-handling equipment, large hydraulic excavators, tunnel-heading and shaft drilling machines, shaft winding systems



Mobile cranes
Lattice-boom and telescopic cranes, pneumatic tyre- or crawler-mounted harbour cranes, industrial yard cranes



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Compressors, equipment and components for the construction and manufacturing industries

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Currency...
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Tuesday's NYSE Closing

Tables include the nationwide prices up to the close on Wall Street and do not reflect late trading elsewhere.

(Continued)

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Wk High, Low, Open, Close, Chg. Lists various stocks like NASDAQ, NYSE, etc.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Wk High, Low, Open, Close, Chg. Lists various stocks like PHH, PHL, etc.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Wk High, Low, Open, Close, Chg. Lists various stocks like WICOR, WIP, etc.

Company Results

Revenue and profits in millions, are in local currencies unless otherwise indicated.

Table with columns: Company Name, 1987 Revenue, 1987 Profit, 1988 Revenue, 1988 Profit, 1988 Q1 Revenue, 1988 Q1 Profit. Lists companies like Motorola, NACCO Industries, etc.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Wk High, Low, Open, Close, Chg. Lists various stocks like TMAA, TMA, etc.

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U.S. Futures

Via The Associated Press

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like WHEAT, CORN, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like CATTLE, HOGS, etc.

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Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like SUGAR, COCOA, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like COFFEE, GASOLIN, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like ALUMINUM, COPPER, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like MUNICIPAL BONDS, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like COFFEE, SUGAR, etc.

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Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like LUMBER, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like STOCK INDEXES, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like COMMODITY INDEXES, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like U.S. TREASURIES, etc.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures like DIVIDENDS, etc.

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LONDON — Britain gave permission on Tuesday for the first foreign stock market to operate in London's financial district alongside established British institutions.

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London Commodities

Table with columns: High, Low, Bid, Ask, Chg. Lists various commodities like SUGAR, COCOA, etc.

DM Futures Options

Table with columns: High, Low, Bid, Ask, Chg. Lists various options like DM Futures Options.

Spot Commodities

Table with columns: High, Low, Bid, Ask, Chg. Lists various spot commodities like Aluminum, etc.

U.S. Treasuries

Table with columns: High, Low, Bid, Ask, Chg. Lists various U.S. Treasuries.

Dividends

Table with columns: Company Name, Dividend Amount, Date. Lists various companies and their dividends.

Canadian Firm Joins Philippine Mine Project

MANILA — Lepanto Consolidated Mining Co., one of the Philippines largest mining concerns, said Tuesday that it was forming a \$198 million joint venture with Galactic Resources Ltd. of Canada to develop a gold and copper deposit in the northern Philippines.

DM Futures Options

Table with columns: High, Low, Bid, Ask, Chg. Lists various options like DM Futures Options.

Spot Commodities

Table with columns: High, Low, Bid, Ask, Chg. Lists various spot commodities like Aluminum, etc.

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U.S. Treasuries

Table with columns: High, Low, Bid, Ask, Chg. Lists various U.S. Treasuries.

Dividends

Table with columns: Company Name, Dividend Amount, Date. Lists various companies and their dividends.

هكزام التخليق

Vertical advertisements on the right edge of the page, including Mello, Morgan Rose, Apple's Soared, etc.

BUSINESS ROUNDUP

Mellon, Earning \$25 Million, Returns to Profit

PITTSBURGH—Mellon Bank... in a reversal of recent losses, said Tuesday that it earned \$25 million in the first quarter...

were largely linked to its extensive portfolio of energy loans. Mellon's shares were \$1.125 higher at \$28.625 in late afternoon trading on the New York Stock Exchange.

The bank's return to profitability resulted primarily from a substantial decrease in its provision against problem loans from the first quarter of 1987, said its chairman, Frank V. Cahouet.

The bank's results followed a loss of \$234 million in the fourth quarter and a full-year loss in 1987 of \$844 million. Mellon's losses

Morgan Stanley's Net Profit Rose 53% in First Quarter

NEW YORK—Morgan Stanley Inc. reported Tuesday that its net profit jumped 53 percent to \$98.6 million in the first quarter from \$64.3 million a year earlier.

The U.S. investment bank also announced that its board had authorized the repurchase of up to \$100 million of Morgan's common stock. Up to \$75 million of the stock will be purchased from stockholders in a secondary offering of up to three million shares, it added.

Morgan said the stock buyback would depend in part on the sale of its stake in Cain Chemical Co. to Occidental Petroleum Corp. Morgan expects to realize a pretax gain of about \$120 million in the second quarter on the sale.

The firm said that revenue climbed 31 percent in the first quarter, to \$975.4 million from \$747 million a year earlier. Earnings per share advanced to \$3.82 from \$2.54 a year earlier. Morgan declared an unchanged quarterly dividend of 22.5 cents a share payable May 17.

In other first-quarter results, PaineWebber Group Inc. reported that its net profit fell 36 percent to \$20.8 million as the firm failed to regain its momentum in the aftermath of the October stock market collapse. The results included an extraordinary charge of \$2.6 million.

The earnings, which amounted to 48 cents a share, compared with \$32.6 million, or \$1.05 a share, in the first quarter of 1987. Revenue slipped 3 percent, to \$607.9 million from \$629.4 million a year earlier.

There is no question that Wall Street is still feeling the ripple effect of Oct. 19, the firm's chairman, Donald B. Marron, said. "Business has not yet returned to pre-crash levels and may not for some time."

But Mr. Marron said that PaineWebber "has the capital to not only endure these unpredictable times, but to profit in them." Revenue from principal transactions increased nearly 20 percent to \$146.6 million, investment banking revenue grew 32 percent to \$82.5 million, and asset management income was up 17 percent to \$29.6 million.

Company Results

Table with columns for Company Name, 1987 Revenue, 1987 Profit, 1988 Revenue, 1988 Profit, and % Change. Includes companies like Solvay, TDK Group, Nedelco, etc.

Analysts Expect Peugeot to Post Sharply Higher Profit

PARIS — Peugeot SA is likely to post a sharp increase in 1987 profit as it reaps the rewards of a three-year restructuring and strong European sales of its rejuvenated range of cars, analysts said Tuesday.

The group could even double profit to 7.7 billion francs (\$1.36 billion) if it takes advantage of all its tax credit," said Christian Duchesne, an analyst with the Paris brokerage Didier Philippe.

Peugeot, which posted consolidated attributable profit of 3.59 billion francs in 1986, will report its 1987 results on Wednesday. Estimates by analysts ranged from slightly more than 6 billion francs to almost 8 billion.

But analysts emphasized that the results would hinge on how Peugeot decides to use the tax credit accumulated from losses in previous years. So far the company has declined to give any details of its tax strategy, but the group still has a credit outstanding that covers income of about 5 billion francs.

Mr. Duchesne said Peugeot could "only use up some of the credit and then hold over the rest to maintain steady profit growth in 1988." Laurent Baril, an analyst with Banque Indosuez, said that any result under 6.5 billion francs "would mean the group was making sizeable provisions for 1988 losses."

Peugeot, France's only private auto group, has been a showcase for industrial restructuring since 1984, when the company reported a group net loss of 341 million francs and Jacques Calvet took the helm.

BERG TRUST, SICAV

Société d'investissement à capital variable 13, bd. de la Foire, LUXEMBOURG R.C. Luxembourg B 26150

CONVOCACTION

- Messrs. shareholders are hereby convened to attend the statutory general meeting which is going to be held on April 25, 1988, at 10:00 o'clock at the head office, with the following agenda: 1. Submission of the Reports of the Board of Directors and of the Statutory Auditor...

BERG NORDEN, SICAV

Société d'investissement à capital variable 13, bd. de la Foire, LUXEMBOURG R.C. Luxembourg B 26149

CONVOCACTION

- Messrs. shareholders are hereby convened to attend the statutory general meeting which is going to be held on April 25, 1988, at 10:30 o'clock at the head office, with the following agenda: 1. Submission of the Reports of the Board of Directors and of the Statutory Auditor...

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 19th April 1988

Large table listing various international funds with columns for fund name, currency, and price. Includes funds like AL-NAL GROUP, APAC FINANCIAL CORP, etc.

Apple's Profit Soared 135% In 2d Quarter

NEW YORK TIMES—Apple Computer Inc., whose second-quarter profit jumped 135 percent, should continue to register strong growth in earnings, analysts say, because it has repositioned itself as a supplier of computer networks and systems, not just personal computers.

Helped by the increasing acceptance of its Macintosh personal computer among large corporate customers, Apple on Monday reported that earnings soared to \$79.7 million from \$33.9 million in the comparable period a year earlier. Revenue for the Cupertino, California, company rose 51 percent to \$867.2 million.

The company said it expected strong demand across all markets and product lines in the second half of the year. John Dean, an analyst with Montgomery Securities, said Apple could sustain 25 percent growth for many years.

"Apple is becoming a systems company, not a personal computer company," he said. However, that growth could be threatened by an industry-wide shortage of chips, he said.

Honeywell Net Up 32%

MINNEAPOLIS — Honeywell Inc. said Tuesday that first quarter net income rose 32 percent to \$57.7 million from \$43.7 million a year earlier. Worldwide sales rose 18 percent, to \$1.74 billion.

Nixdorf Earnings Rise 19%

FRANKFURT — Nixdorf Computer AG said Tuesday that its profit in 1987 jumped 19 percent to 264 million Deutsche marks (\$158 million) from 1986, despite the dollar's sharp fall.

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OBLI-DM

Société d'investissement à capital variable 10A, Boulevard Royal - Luxembourg

DIVIDEND NOTICE

The Board of Directors of OBLI-DM has unanimously decided to distribute the income received during the financial year 31st March, 1988 by assigning to shareholders DM 67, per share held on the 14th of April, 1988.

Advertisement for international escort services including Ambiance, Regency, Zurich Susan, Geneva Escort, etc. with phone numbers and descriptions.

CURRENCY MARKETS

Dollar Up on Fed Official's Remarks

NEW YORK — The dollar ended mostly higher Tuesday in choppy trading in New York, supported by comments by the Federal Reserve's vice chairman and tensions in the Gulf.

London Dollar Rates

Table with columns for currency, rate, and change. Includes Deutsche mark, French franc, Swiss franc, and Japanese yen.

before all the evidence is there because I don't think we can afford to wait that long," Mr. Johnson said.

The dollar closed in New York at 1.6635 Deutsche marks, up from 1.6605; at 124.25 yen, unchanged; at 5.6530 French francs, up from 5.6385; and at 137.60 Swiss francs, up from 137.30.

The U.S. currency also advanced against the British pound, which ended at \$1.8935, down from \$1.9005.

"You will find this Fed willing to take early action to try and avoid the problems that existed," Mr. Johnson said.

He was responding to a question before a conference in Boston on restructuring the U.S. financial services industry. The remarks were viewed as a hint that the Fed would restrict the growth of credit by driving up interest rates, if necessary, if the economy overheats.

"I think you'll see action coming

ECU Unsuitable As Reserve Unit, Institute Argues

BOON — The European currency unit is unsuitable as a reserve currency or for intervening on the foreign exchange market, a West German economist institute says.

FWFA also argued in an editorial published Monday in the magazine, that French proposals to set up a European central bank are aimed at breaking West German dominance of the European Monetary System.

The institute argued that a reserve currency derives its strength from internal stability. It said that the Deutsche mark rests on greater domestic stability than the ECU, whose value is derived from a basket of European currencies.

It said that if the ECU were made into a reserve currency, as suggested by Finance Minister Edouard Balladur of France, the 12-nation European Community would face substantially higher debts.

Taiwan Buying Gold to Reduce Trade Surplus With U.S.

TAIPEI — Taiwan plans to buy the equivalent of as much as one-quarter of the world's annual gold production this year, mostly from the United States, to cut its trade surplus, according to gold dealers here.

Economists said Taiwan was trying to manipulate its trade figures with the United States to head off demands from Washington for a currency appreciation.

The central bank governor, Chang Ching-cheng, announced Monday that the bank had bought 69 metric tons (76 short tons) of gold in the first two months of this year. That amount is worth about \$1 billion at current prices.

"It will help reduce our trade surplus," Mr. Chang said of the purchases, adding that the bank would buy more gold when the price reached a "proper level."

Last month Taiwan reported that its trade surplus had narrowed, and Mr. Chang said at the time that Washington had stopped urging Taipei to allow a currency appreciation.

The total trade surplus in the first two months of 1988 was \$2.06 billion, down from \$2.73 billion a year earlier. Taiwan's surplus with the United States in that period was \$1.67 billion, compared with \$2.35 billion a year earlier.

The gold purchases are being financed from Taiwan's foreign exchange reserves, which at \$75 billion are the world's largest after Japan's. Buying gold will help cut the reserves, which focus attention on Taiwan's trade surplus.

Reducing the reserves will also ease upward pressure on Taiwan's currency, the Taiwan dollar, and encourage an exodus of the speculative capital that has fueled the growth of the money supply and led to fears of inflation.

Economists said the idea of increasing gold imports was at best a temporary way to balance trade with the United States and would not fool Washington.

"It will not help for the long term," said Hou Chia-chi, professor of economics at Soochow University.

Mr. Chang said Taiwan's gold reserves were

worth about \$4.5 billion at current prices. He said Washington had demanded to know why Taiwan was buying so much gold.

Taipei is resisting pressure from Washington to further appreciate the Taiwan dollar, arguing that a stronger currency would damage the island's export-led economy and bankrupt small businesses.

The huge gold purchases are being made as Taiwan and the United States prepare for crucial trade talks in Taipei next week, when the island is expected to come under renewed pressure to reduce its trade surplus by raising the value of its dollar.

A Japanese bullion dealer, who declined to be identified, predicted that Taiwan's gold imports this year, including smuggled gold, could reach 300 metric tons, which would make Taiwan the world's largest gold buyer after Japan.

Several local gold dealers, as well as Hong Kong dealers based in Taiwan, said, however, that the figure might be nearer 180 metric tons. The world's total gold production is 1,200 to 1,400 metric tons a year.

Oil Prices Drop, Wiping Out Monday Gains

LONDON — Prices for North Sea Brent crude had sustained fresh losses here Tuesday afternoon, wiping out almost all the gains on Monday caused by U.S.-Iranian clashes in the Gulf.

The benchmark crude was quoted Tuesday afternoon at \$17.05 a barrel by Midway delivery, down from \$17.50 at the close on Monday. Brent opened Tuesday at \$17.25 after surging Monday amid U.S. and Iranian attacks on oil platforms and tankers in the Gulf.

Oil prices also retreated in New York as the Gulf tensions abated Tuesday, and analysts predicted an "extremely volatile" market.

Prices in New York jumped by as much as 65 cents Monday. But in the first half-hour of trading Tuesday on the New York Mercantile Exchange, West Texas Intermediate, the benchmark U.S. crude, was down 32 cents to \$18.20 a barrel.

The key U.S. crude had soared 55 cents Monday but pulled back in the afternoon and ended up 15 cents at \$18.52 a barrel, still its highest close since Dec. 4.

Several U.S. refiners raised the price they were willing to pay for West Texas Intermediate by \$1 to \$17.50 a barrel.

Alvin Silber, analyst at Brean, Murray, Foster Securities Inc. in New York, called the actions Monday "the most serious clashes since the U.S. naval fleet began escorting

Kuwaiti-flagged tankers through the Gulf last summer."

"With the new threat of violence in the Gulf and the pending OPEC meetings later this month," he added, "I see oil prices heading for some sort of top and then very likely coming down."

Oil prices have risen more than \$1 a barrel since the pricing panel of the Organization of Petroleum Exporting Countries announced on April 9 that it would invite major outside producers to talks April 26

KOREA: Pohang Expands

POHANG — The 13-nation cartel will hold consultations two days later.

On the European spot market, the United Arab Emirates' Dubai light, the key OPEC crude from the Gulf, shot up 65 cents to \$15.65 a barrel Monday.

Oil prices fell \$4 a barrel between early February and mid-March, primarily because of an unexpected jump in non-OPEC production and spreading discounts. (AFP, UPI)

Pohang's new maturity was reflected in its first public offering this month. Under a government plan to privatize state-owned companies gradually, Pohang is selling half of the government's 70 percent stake — 31.3 million shares or 35 percent of total equity — to its employees and private investors.

Four local commercial banks and a private company own the remaining 30 percent of the equity.

Some industry analysts believe that Pohang might be overlooking trends in other steel-producing nations.

"So far, Pohang can be regarded as a success here and abroad, but they should turn their eyes to the future," said Hong Sung-Won of the Korea Institute for Economics and Technology, a government think tank.

Company officials say that the new plant, completed six months ahead of schedule on land reclaimed from the sea, is the most advanced in the world. Pohang also has a mill at its east coast base with an annual production capacity of 9.2 million tons.

Japan's Broad Money Supply Rose 12.1% in March

TOKYO — Japan's broad money supply grew by 11.8 percent in March from a year earlier, down from 12.4 percent growth in February, but showed a bigger rise on a year-to-year basis, the Bank of Japan said Tuesday.

The central bank said the year-to-year increase in M-2 plus certificates of deposit rose to 12.1 percent in the first quarter of 1988 from 11.8 percent in the last quarter of 1987. M-2 comprises currency in circulation, sight deposits and time deposits.

The central bank also sold 500 billion yen (about \$4 billion) worth of financial bills to the money market on Tuesday under repurchase agreements due to expire June 2.

The banking system was in surplus of several hundred billion yen Tuesday, and a big deficit is expected on June 2.

The Bank of Japan has acknowl-

edged that after the slowdown in March, money supply growth could resume accelerating in April.

The minimum amount for large time deposits and certificates of deposit has been reduced from 100 million yen to 50 million yen from April 1. That is expected to trigger an influx of funds into such instruments. Funds held in time deposits already grew by 13.9 percent in the March quarter, a central bank official said.

Japan's ballooning money supply is constraining the central bank's monetary policy, the Bank of Japan governor, Satoshi Sumita, said Tuesday.

"The bridge we are crossing now is one that must be crossed carefully," Mr. Sumita said.

He stressed, however, that contrary to financial market expectations, the central bank was not planning a tighter monetary policy

in a bid to curb inflationary pressures.

"We are maintaining the current stance of the monetary policy while paying due attention to prices and foreign exchange developments," Mr. Sumita said.

The March figure on money supply, announced after the bond market had closed, was below the expectations of some market participants who predicted a rate as high as 13 percent. Japanese bond prices sagged and yields rose in trading earlier Tuesday.

The bellwether 105 bond fell 0.43 yen to 104.03 yen, driving the yield up 0.06 percentage points to 4.405 percent and bond futures expiring in June fell 0.37 yen to 107.99 with the yield rising 0.051 points to 4.816 percent.

Dealers said concern about the possible inflationary impact of higher oil prices arising from the

turmoil in the Gulf also depressed bond prices.

Money traders said that a rise in one-month and two-month commercial bill discount rates on Monday was an early warning from the central bank that Japan's money supply was increasing too steeply.

"The rise in the key two-month bill rate was totally unexpected given the yen's recent appreciation," said Yasushi Takasaki, deputy manager of Daiwa Securities Co.'s money market division. The Bank of Japan allowed one-month and two-month commercial bill rates to rise by 1/16 of a point.

"The Bank of Japan's move contradicts its apparent aim of keeping further appreciation by the yen under control, but it does imply that the central bank is keeping a close eye on money growth and the prices of goods," said Nobutaka Kokumai, manager of New Japan Securities Co. (AFP, Reuters)

Large financial table with multiple columns for stock prices, OTC prices, and market data. Includes sections for Tuesday's OTC Prices, NASDAQ prices, and various stock market listings.

Vertical text on the left margin containing various advertisements and notices, including 'Burial', 'ent From U.S.', 'ER OFFICE SERVICE', 'WHY RENT SPACE WHEN YOU CAN RENT AN OFFICE', 'PARIS OFFICES', 'MADRID', 'YOUR NEW YORK', 'Reaching More Than a Million Readers in 104 Countries Around the World'.

هكذا من الأصل

SPORTS

In Soccer Semifinal, Prayer May Work Overtime

LONDON — What price the power of prayer in modern soccer? With so many tournaments reduced to the slant-bank virtues of penalty kicks, the thoughts of goalies Francisco Buayo are worth listening to.

enough for him to suddenly open up Real Madrid for teenager Eduard Linskens to equalize. Then, after Endhoven calmly, patiently dived over flash shown by Sanchez and Emilio Butragueño. But one shouldn't romanticize the Dutch defense; it has brutality as well as beauty.

ROB HUGHES

former, Ronald Koeman, won't be there to make goal-line clearances or to glide into spellbinding counterattacks. Koeman is banned from three European matches, not because he is a thug or an unsporting exponent of the sweeper's art, but because he publicly praised a colleague who hacked a Frenchman out of the previous round.



Francisco Buayo, Real's goalie, sometimes relies on more than the Lord's Prayer to spike an opponent's thrust.

Clark, Winfield Pace 20-Hit Barrage As Yanks Paste Twins, 18-5, in Dome

Compiled by Our Staff From Dispatches MINNEAPOLIS — Jack Clark finally got a taste of the Metrodome. He liked it.

Clark, who was injured and missed last year's World Series when the Minnesota Twins beat his St. Louis Cardinals, changed working addresses in the offseason. In his Metrodome debut as a Yankee, he had three hits and three runs batted in as New York routed the Series champions, 18-5, Monday night.

Dave Winfield drove in four runs and had three of the winners' 20 hits as the Yankees scored 18 runs for the first time in six years. Every New York starter had at least one hit and an RBI.

White Sox 4, Mariners 0: In Seattle, Dave LaPoint and Bill Long combined on a five-hitter and Ivan Calderon and Carlton Fisk hit fourth-inning home runs to lead Chicago to its fourth straight victory. The homers were only the sixth and seventh of the year for the White Sox.

third with the winning run. Boggs had walked, and went to third when Jim Rice doubled off Mitch Williams.

White Sox 4, Mariners 0: In Seattle, Dave LaPoint and Bill Long combined on a five-hitter and Ivan Calderon and Carlton Fisk hit fourth-inning home runs to lead Chicago to its fourth straight victory. The homers were only the sixth and seventh of the year for the White Sox.

Orioles Close In on Notoriety

By Richard Justice Washington Post Service WASHINGTON — The year was 1920. Warren G. Harding was president. Harvard was the Rose Bowl champion, the New York Yankees paid \$10,000 for the services of a young outfielder named Babe Ruth and the Cleveland Indians won the first of their three American League pennants.

It was also the year the Detroit Tigers lost their first 13 games, and despite the presence of future Hall of Famers Harry Hellman and Ty Cobb, finished the season 61-93 and 37 games behind the Indians.



Cal Ripken Jr., hitless in his last 29 at-bats, 2-for-43 on the year.

On Tuesday night, the 1988 Baltimore Orioles (0-12) were trying to avoid becoming the third.

But it's not just Ripken. The team batting average, .172 as the road trip began, hasn't been above .197 since an opening-day 12-0 loss to Milwaukee.

And the players know it. "We're not as bad as we've played, but no one could do that," said pitcher Scott McGregor. "Our pitching has been a lot better, and when we get some pitching, we can run off two or three in a row and maybe eventually get back to .500."

Hemond and new Manager Frank Robinson met Monday to consider changes. Among the possibilities are promoting left-hander Jeff Ballard, who has thrown back-to-back shutouts, to the majors for another chance. And there's the possibility of replacing left fielder Jeff Stone with minor leaguer Pete Stankov.

Hemond has been on the phone daily discussing trades, and although rumors are flying about Murray going to Los Angeles and Mike Boddicker going to Toronto, Hemond says nothing is imminent. He said a trade may develop, but that so many Orioles are playing so badly, one trade wouldn't make any difference.

"I've never seen anything like this," said Robinson, who is 0-5 since taking over for Cal Ripken Sr. last week. "You see teams sometimes go through slumps, but you'll always have one or two guys hitting the ball hard. We don't have any place on the team you can point to and say, 'We'll build from that.'"

Cal Ripken Sr. departed with still pointing for victory No. 1.

When You're Hot, You're Hot—but Maybe Not

By James Gleick New York Times Service NEW YORK — The gulf between science and sports may never loom wider than in the case of the hot hands.

Those who play, coach or otherwise follow basketball believe almost universally that a player who has successfully made his last shot or last few shots — is more likely to make his next shot.

random, although clusters and streaks do occur in random data. "Very often," Tversky said, "the search for explanation in human affairs is a rejection of randomness."

Canadiens, Caps Win At Home

The Associated Press NEW YORK — The New Jersey Devils and the Boston Bruins reverted to form in the National Hockey League playoffs Monday night.

SCOREBOARD

Baseball

Table with columns for team names and scores. Includes Monday's Line Scores and National League scores.

Hockey

NHL Playoffs

Table showing NHL Playoff Leaders with columns for player name, team, and statistics.

Golf

PGA Leaders

Table listing PGA Leaders with columns for player name and earnings.

Major League Standings

Table showing Major League Standings for various teams across different divisions.

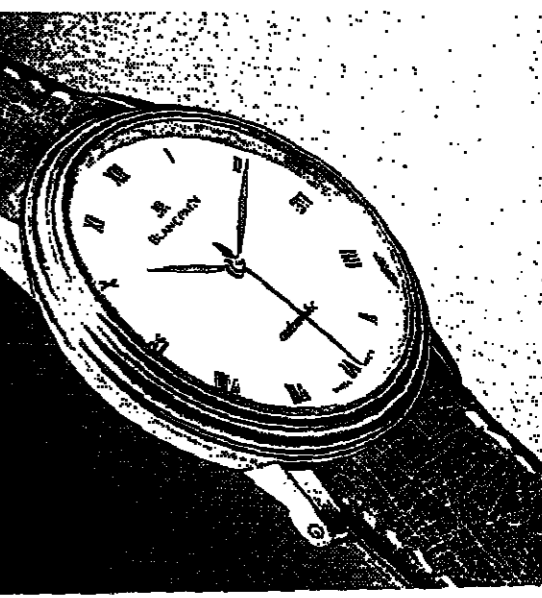
Basketball

NBA Standings

Table showing NBA Standings for Eastern, Western, and Pacific Divisions.

BLANCPAIN

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PEOPLE

OBSERVER

The Phantom Tongue

By Russell Baker
NEW YORK — Larry Speakes was in despair. Why garrulous Red Boss Gorbachev emitted a steady stream of powerful im-

The Russian 'Porch' of Tatyana Tolstaya

By David Remick
WASHINGTON Post Service
MOSCOW — The Moscow Writers Union will not accept or tolerate its own Tolstoy.



Author Tolstaya got a myet from the Moscow Writers Union.

love and sympathy, sad and missing. The other is bursting with optimism. One literature is guided by sincerity and honesty, the other is a 'mockup,' an imitation of literature.

Trudeau's Former Wife Cleared in Drug Charge

Prosecutors in Ottawa dismissed charges of marijuana possession against Margaret Keemper, the ex-wife of Pierre Elliott Trudeau.

U.S. BUS... Michael S... Czeck... General A... John C. Sh... Senator Sam... Business / U.S. consumer...

LEGAL NOTICES

THE PEOPLE OF THE STATE OF NEW YORK

TO: Eugene Morrison, (deceased) Sylvia G. Cannon, (deceased)

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FOR THE ATTORNEY'S OFFICE

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UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

LEGAL INTER-TELEPHONE NATIONAL S.A. CIVIL ACTION No. 88-335

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TO RICHARD GRAM A.G. Barmenstrasse 37 Zug, SWITZERLAND.

NOTICE TO RICHARD GRAM A.G. The Summary and Second Amended Complaint of Commercial Agency of the Republic of Ecuador

Dated March 31, 1988

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